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HEARINGS BEFORE THE NATIONAL
COMMISSION ON URBAN PROBLEMS

Detroit



St. Louis

East St. Louis



Washington, D.C.

NATIONAL COMMISSION ON URBAN PROBLEMS

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HEARINGS BEFORE THE NATIONAL COMMISSION ON URBAN PROBLEMS

Volume 5

October 1967

Detroit



St. Louis

East St. Louis



Washington, D.C.

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NATIONAL COMMISSION
ON URBAN PROBLEMS

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preface

The National Commission on Urban Problems was appointed by President Lyndon B. Johnson on January 12, 1967. He charged the Commission with seeking ways to increase the supply of decent housing for low-income families. He urged that the search for a "revolutionary improvement in the quality of the American city" focus on a variety of issues including building codes and technology, zoning and land-use regulations, housing codes, Federal, state and local tax policies, and development standards.

Congress in the Housing and Urban Development Act of 1965 authorized a study of these issues and provided funding in 1966. The Commission is to report before December 31, 1968, to the President, to the Congress, and to the Secretary of Housing and Urban Development.

During the first year of its existence, the Commission spent 32 days holding hearings in 18 cities in all sections of the country, and met in business sessions 17 times. Private citizens and experts, as well as officials, gave testimony. To learn by seeing and hearing as well as by studying, the Commission spent long hours inspecting the slums and blighted areas and also the showcase developments of these cities. This, too, they did with officials, with private citizens, and by themselves.

Such intensive study gave the Commission the flavor of the American scene of the Sixties — the hopes and angers, dreams and frustrations, the plans that work and those that do not, ghettos and swimming-pool-in-every-yard suburbs, beauty and ugliness, slum nightmares and low-income neighborhoods reflecting care and pride, public housing atrocities and public housing gateways to the good life. And the Commission could not help confronting the complex issues of race which interweave so many aspects of urban life.

While the Commission is drawing conclusions from its hearings, on-site inspections, and a comprehensive research effort, this publication is offered in the belief that the public will find useful insights in the testimony.

For reasons of economy and for the convenience of readers, repetitive descriptions of the Commission's task, addressed to each new gathering, are deleted. Introductions of the invited witnesses are summarized in footnotes. The many public witnesses are identified according to information they presented. Much valuable written material

submitted to the Commission, incorporated into the official records, is on file and is receiving scrutiny by members and staff.

Members of the Commission represent a range of professions concerned with urban problems as well as a wide geographical range of the country: Chairman Paul H. Douglas, former U.S. Senator from Illinois; David L. Baker, County Supervisor, Orange County, California; Hugo Black, Jr., attorney, Miami, Florida; Lewis Davis, architect, New York City; John DeGrove, professor, and Chairman, Political Science Department, Florida Atlantic University, Boca Raton; Anthony Downs, real estate research consultant, Chicago; Ezra Ehrenkrantz, architect and building systems developer, San Francisco; Alex Feinberg, attorney, Camden, New Jersey; Jeh V. Johnson, architect, Poughkeepsie, New York; John Lyons, general president, International Association of Bridge, Structural and Ornamental Iron Workers, St. Louis; Richard W. O'Neill, editor, *House and Home* magazine, New York City; Richard Ravitch, builder and developer, New York City; Carl E. Sanders, former Governor of Georgia; Mrs. Chloethiel Woodard Smith, Washington, D.C., architect and city planner; Tom J. Vandergriff, Mayor of Arlington, Texas; and Coleman Woodbury, professor of urban affairs, University of Wisconsin.

This, the fifth and final volume of the hearings, contains the testimony gathered in Detroit, St. Louis, East St. Louis, and Washington, D.C., from October 11 through 28, 1967. The previous four volumes covered hearings as follows: Volume 1 — Baltimore, New Haven, Boston, and Pittsburgh, May 12-June 10, 1967; Volume 2 — Los Angeles and San Francisco, June 30-July 7, 1967; Volume 3 — Denver, Atlanta, Houston, Fort Worth-Dallas-Arlington, and Miami, June 10-August 26, 1967; Volume 4 — New York City and Philadelphia, September 1967. The schedule of all hearings appears on the inside back cover.

Under the direction of Howard E. Shuman, Executive Director, and in cooperation with Mrs. Jane Carey Enger, Administrative Officer, Walter Rybeck, Assistant Director, had primary staff responsibility for setting up the hearings and for editing Commission publications. Mrs. Marion Massen, Associate Editor, directed the indexing, graphics, and annotations designed to make these hearings useful for reference and research work. Miss Jane Zinsmeister served as editorial assistant.

This volume concludes with a response to the hearings from the Secretary of Housing and Urban Development. This response was invited by the Commission, which notes with satisfaction that many issues first highlighted by the Commission have led to action or proposals for new directions. These issues include "redlining" (the lack of insurance and financing for rehabilitating blighted areas), time lags in Federal housing programs, disadvantages of massive concentrations of public housing, and the need for creative use of Federal lands.

contents

Preface	iii
---------------	-----

Detroit

SOCIAL, FINANCIAL CRISIS OF THE CITY

Purpose of Commission Hearings	1
--------------------------------------	---

MAYOR CAVANAGH: NEED FOR PRACTICAL ALARM-ISTS — Detroit Tried . . . but It Was Not Enough — Post-Riot Measures in Detroit — New Detroit Committee — Reparations to Ghetto Dwellers — Sensitize Federal Agency Programs for Cities — All Public Agencies as Employer of Last Resort — Need for Decent Housing Is Obvious — Recount People, Jobless in Inner City	2
---	---

QUESTIONS BY COMMISSION MEMBERS — Big Cities Neglected by the State — Non-Federally Assisted Housing — Early Effort on Model Cities Program — 1,100 Units of Scattered-Site Public Housing — Interrelations of Urban Programs — How to Set Up Urban Development Fund — Municipal Income from the Suburbs — Local Government Coordination — Signs of Suburban Share in Urban Crisis — Small Moves toward Metropolitan Government — Racial Discrimination in Suburbs — FHA Practices — Foreclosed Housing for Public Housing — Race Barriers in Building Trades — Unions and High Labor Costs — Detroit Area Suburban Zoning Problems — Housing Discrimination Practices — Unions and Housing Costs	11
---	----

MRS. MATTIE MYERS — Decent Relocation Missing in Renewal — People Want to Help Plan Neighborhood Renewal ...	31
--	----

MAYOR CLARKSON — Tax Property for Economic Results — Results of Land Value Tax in One Town	36
--	----

QUESTIONS BY COMMISSION MEMBERS — Land Value Taxation Applicable to All Cities — Disadvantage of Part-Time Mayors — Ghetto Need Not Be Dispersed — Segregation, Poverty, and Subsidies — Communication within the Negro Society — A Workable Council of Governments	40
---	----

PUBLIC WITNESSES — Mr. Martin: City Should Tell Intentions — Mrs. Deeson: Gap in Buying-Selling Price	53
COOPERATIVE HOUSING EXPERIENCE	
DAVID L. KROOTH — The Total Housing Need — Progress on Cooperative Housing — Co-ops under 221(d)(3) — Formula for Housing at Lower Cost — Co-ops and Rehab Housing	56
WADE JONES — Favorable Contrast of a Co-op	69
MRS. KATHRYN MAXWELL — Success of a Co-op Conversion	73
AUGUST SCHOLLE — Labor Unions and Cooperatives	75
QUESTIONS BY COMMISSION MEMBERS — Two Types of Cooperatives — Taxes on Co-ops — Housing Cooperatives in Michigan — Advantages of Interest Subsidies — Potential of Housing through Cooperatives — Change of Heart through Cooperative Living — FHA Attitude on Co-ops — Dog, Cat, and People Problems — Assessment Formula for Co-ops — Processing Time for FHA Loans	78
TAX REVENUES AND TAX RESOURCES	
LEON ROTHENBERG — Tax Revenue Paradox — State Aid to Local Governments — Property Tax Rise — Effect of Property Tax Relief Programs — Expansion in Both Local and State Taxation	100
WILBUR THOMPSON — Cities Need Planned Price Policy — Price Policy for Education	105
HARVEY BRAZER — Fiscal Inequity: City and Suburbs — Amend Property Tax to Improve Revenue Base — States' Role in Municipal Fiscal Affairs — An Examination of Federal Tax Sharing — States Appear to Be Best Channel	110
QUESTIONS BY COMMISSION MEMBERS — What Kind of Land Tax? — Taxing Ability to Pay or Benefits — Municipal Land Investment for Speculation — Land-Value Taxation Pro and Con — Tax Abatements to Encourage Housing — The Factor of Property Tax Administration — Distortion in Urban Renewal — Realities of Politics — Failure of Mass Media to Educate the Public	115
WALTER REUTHER: LABOR LEADER'S VIEW OF EMPLOYMENT AS CRUX OF INNER-CITY PROBLEM — Priority Problems and Resources for Solution — Employment for All Able-bodied — Build Total Community, Not Just Housing — In Housing, Apply Technology	133
QUESTIONS BY COMMISSION MEMBERS — Union Attitude on Technological Advances — Union Efforts in Housing — Racial Discrimination in Apprenticeship — Investment of Union Pension Funds	140

HOUSING TECHNOLOGY: DEMONSTRATIONS AND IDEAS

NEAL MITCHELL — Systems Approach to Housing — Parts of House Wear Out at Different Rates — Flexible Dwellings to Respond to Changing Needs — Building Codes and New Technology — Key to Systems Analysis: The Whole House	146
---	-----

STEPHEN PARASKEVOPOULOS — Sizable Funds for Research and Development — Adaptations from Aerospace, Chemical Industries — Comments over Slides	153
---	-----

QUESTIONS BY COMMISSION MEMBERS — Package-Financing Plan — Testing the Dome — The Folding Paper House — Use of Concrete Block — Cement-Bag House	160
--	-----

C. THEODORE LARSON — Written Testimony	169
--	-----

St. Louis

A SUITABLE URBAN ENVIRONMENT

Introduction	173
--------------------	-----

MAYOR CERVANTES — Three Facets to Air Pollution — Vital Combination of Homes and Jobs — “Performance” Building Code Since 1961	174
--	-----

QUESTIONS BY COMMISSION MEMBERS — Federal Aid Direct to Cities — Handling Bi-State Problems — Industry in the Central City — Housing Market Suggests Rehab — Unpopularity of Consolidation — Is City-Suburban Planning Consolidation Possible	178
---	-----

RAYMOND R. TUCKER — Affluence and Effluence — Ingredients for Successful Program	188
--	-----

QUESTIONS BY COMMISSION MEMBERS — Where to Begin on Standards — St. Louis Pollution Control — Reason for Federal Standards — Smoke Pollution and Vested Interests	192
---	-----

JOHN HOLABIRD, JR. — Time and the Democratic Process — Research Missing on Building Codes — How to Get Creative Planning	199
--	-----

QUESTIONS BY COMMISSION MEMBERS — Political Commitment Missing for Building Research	203
--	-----

PUBLIC WITNESSES — Mrs. Voss: Not Enough Housing for Poor — Ald. Clark: Subsidized Flight to Suburbs — Mr. Alper: Revise Property Tax Structure — Mr. Perry: Large-Family Housing Gap — Miss Yeargin: “The Places We Are in Now”	207
--	-----

BUILDING CODES AND EFFECT ON HOUSING SUPPLY

RAYMOND X. GRUENINGER — Joint Committee on Building Codes: Progress Report — Model Codes Standardization Council — Standards Acceptability — BOCA Code Amendment	
--	--

Procedure — Incorporation of Changes into Local Codes: St. Louis County — Code Changes in Other Communities — St. Louis County Code Services — Code Uniformity in St. Louis County — Problem Areas in Complete Uniformity — Building Codes across the Nation — Innovations Testing	214
ALFRED MAYER — Code Deviations — Non-urban Zones to Halt Suburban Growth	223
JOHN FISCHER — Costs Added by Code Changes	226
QUESTIONS BY COMMISSION MEMBERS — Code Interpretation a Cost Factor — Codes and Architects — Pride of Ownership Factor in Housing Standards — Codes and New Materials — Codes Administration in the Small Places — Amateur Zoners and Planners	229
PUBLIC WITNESSES — Mr. Cole: Strife in Community Action Groups — Mr. Roberts: Slums as an Epidemic — Mrs. Finch: Inspections of Rehab Property	244

East St. Louis

FRAGMENTED CITY

ROBERT MENDELSON — East St. Louis Has Classic Urban Problems — Incomes, Assessed Values Low — Serious Deficiency in Housing Inventory — Model Cities Program Can Help	247
WYVETTER YOUNGE — Banks Won't Underwrite Low-Cost Housing — People Need Help to Plan Their Housing	255
ELMO BUSH — Human, Political Barriers — Negroes Have No Chance for Housing They Want — Problem of Training in Building Trades — Job-Production Program Needed — Importance of Police Relations	257
FRED TEER — Un-democracy at Work — The Housing Part of It — Community Participation in Housing Production	262
KATHERINE DUNHAM	267
QUESTIONS BY COMMISSION MEMBERS — Industrial Tax Shelters — Some Communities to Be Looked at Inside Out — Job Outlook as Important as Houses	269
PUBLIC WITNESSES — Mr. Jones: Solutions Not within Profit Framework — Mr. Slack: Young Negroes' Point of View — Mr. Kahn: Federal Block Grants for Urban Programs — Mr. Randolph: "Tired of Broken Promises" — Mr. Childerson: Poor Quality of Local Officials	276
MAYOR ALVIN FIELDS: CITY ON THE DECLINE CALLS FOR FEDERAL HELP	286

PHYSICAL, SOCIAL, ECONOMIC RECASTING OF A CITY	
ARTHUR KLEIN — Urban Problems Same All Over — Federal Task Force Needed	290
ALFRED LUCAS — Massive Federal Aid Urgent — Improve Quality of Law Enforcement	293
PUBLIC WITNESSES — Miss Hunt: Housing Need in E. St. Louis Slums — Mr. Waring: Freedom of Residence Committee — Mr. Bicket: Technology and the Lustron House — Mr. Smith: Importance of Integration — Mr. Parks: Encourage Discouraged Businessmen — Mr. Burns: We Need New Techniques — Rep. Hall: Status of Significant Bills — Mr. DeWeese: Troubles of the South End — Mr. Owens: Provide Job-Training in Building Crafts — Mr. Braddix: Reasons for Youth Violence — Mr. Epps: Freeing Up Housing for Negroes	297

Washington, D.C.

HOUSING IN THE INNER CITY

Introduction	316
REV. WALTER E. FAUNTROY — Renew with People in the Area — Equip Ghetto Residents with Building Skills — Aid without Stigma Except for Poor — Homeownership for the Poor	318
ARTHUR MORGAN — Examine Alternatives to Massive Metropolis — Yellow Springs: Pilot Small City — Explore Technical Possibilities for Human Living	324
JEANNE LOWE — Many Programs but No Coordination — Present Programs No Promise for Housing Poor — “Rich Poor” Subsidize Really Poor — Housing Code Enforcement Not Simple — Tax Penalties Only Drive Slumlords Out — Relocation Service, Rehab Loans Boons — Introduce Job-Training in Rehabilitation — Present Slum-dwellers Differ from Years Back — Guaranteed Minimum Income as Beginning — Direct Urban Migration	330
QUESTIONS BY COMMISSION MEMBERS — Minimum Income and Homeownership — Citizen Involvement in Planning — Bring Job-Trained and Industries Together — Union Promises in Renewal Areas — Self-interest Key in Citizen Participation — Riots May Spark Action — Definition of Community — In Favor of Smaller Population Units — Inner-City Problems Metropolitan Affair — Units of Mass Production in Small Towns? — Technical Assistance to Nonprofit Sponsors	339
PUBLIC WITNESSES — Mr. Turner: Two Kinds of Programs for Ghetto — Getting Negroes into Trade Unions — Miss Glenmore: Assessment of the Urban Crisis — Mrs. Washington: Local Leaders for Social Growth — Mr. Howard: Schools, Jobs, Homes,	

Keys to Hope — Mr. Daniels: Train People for Jobs, New Housing — Mrs. Lynn: Relocation Housing Prime Importance — Judge Lawson: Change Image of Urban Renewal — Mr. Mack: Put Poor People on Commissions	357
REP. WIDNALL: NO ONE PROGRAM MASTERS URBAN CRISIS — Discard Programs That Don't Work — Spur Use of Rent Certificate Program — Learn from Experiments on Small Scale	373
EXPANDING CITIES AND LAND USE	
HUNTER MOSS — Suburban Developments Do Not Have to Waste Land — Land Assessments as Control on Leapfrogging — Money and Mundane Design — Place of Public Housing	384
MARION CLAWSON — Rural-Urban Conversion Process under Study — Still Some Idle Land for Urban Use — Better Information Needed on Land Use — Too Many Cooks in Decision-Making — Local Land-Use Planning Ineffective? — Tax, Zoning, Land Assembly Measures as Aids — Special Suburban Development Districts	390
ROBERT A. SIMON, Jr. — Significance of Facilities and Programs	395
QUESTIONS BY COMMISSION MEMBERS — Tax on Rising Land Values — Use for Idle Urban Land — Zoning for Mixed Uses — Zoning, Taxing for Potential Utilization — Suburban Development across Boundaries — Housing as an Aspiration — Government in the Land Business — Cost-Cutting in Public Housing Construction — Drain-away of Low-Cost Housing — Land-Use Policies of Today and Future Options — Zoning over Small or Large Areas? — Hard Facts on Attracting Private Housing Capital	398
PUBLIC WITNESSES — Mr. Rabkin: Zoning as Discriminatory Device — Mr. Frain: Aborted Neighborhood Renewal — Mr. Feiss: New Meaning for "Highest and Best Use" — Open Space Free-for-All Because of No Zoning	423
REP. RICHARD BOLLING: TAKE FRESH LOOK AT URBAN PROBLEMS	435
QUESTIONS BY COMMISSION MEMBERS — Helpfulness of Anthropologists	437
GOVERNING THE METROPOLIS	
ROYCE HANSON — Washington Metro Area: A Political Doughnut — "The Federal Interest" as a Background Problem — Proposal for Office of National Capital Affairs — Usefulness of a Metropolitan Development Bank — Move Toward Political Regionalism — Significance of New Towns for Social Planning — Need More Responsive Revenue, Budget Systems	444

WALTER A. SCHEIBER — Development of Councils of Governments — Strengths, Weaknesses of COGs 452

QUESTIONS BY COMMISSION MEMBERS — Federal Grants and Local Priorities — Open Occupancy across Local Boundaries — COGs as Metropolitan Mechanisms — COG Work toward Model Codes — Pooling of Federal Grants — Widening of COG Interests — Potential of COGs in Capital Budgeting 456

PUBLIC WITNESS — Mr. Hollander: Maintaining Integration 469

HUD RESPONSE TO HEARINGS — Letter from Secretary Robert C. Weaver — Federal Housing Administration — Renewal Assistance Administration — Housing Assistance Administration — Miscellaneous 472

Index 483

Commission Members and Staffinside front cover

Schedule of Hearingsinside back cover

Detroit

Commission Members Present: CHAIRMAN PAUL H. DOUGLAS, DAVID L. BAKER, JOHN DEGROVE, RICHARD W. O'NEILL, RICHARD RAVITCH, TOM J. VANDERGRIFF, COLEMAN WOODBURY.

The first morning of hearings in Detroit, held shortly after the 1967 riots in that city, focused on some of the causes and cures for racial unrest. Housing needs, the role of suburbs, and the revenue problem were examined. Ghetto dwellers expressed their discontent with urban renewal. Commission members inspected various types of housing development and the riot areas.

*Auditorium
City-County Building
Detroit, Michigan
Morning, September 26, 1967*

SOCIAL, FINANCIAL CRISIS OF THE CITY

Purpose of Commission Hearings

MR. DOUGLAS: Ladies and gentlemen, if we may come to order. We are delighted to be here in Detroit today. We want to thank the Mayor and city and county officials for not only the courtesy but the friendliness with which they have made arrangements for us.

For the benefit of the audience, I should say the National Commission on Urban Problems was created by the President on the 12th of January of this year. Our basic purpose is to study and then to recommend to the President and Congress how an adequate supply of housing for Americans with low income can be provided.

We are also charged with examining in detail the question of Federal and local taxation, state and local financing problems, building codes, housing codes, land use and zoning matters, and development standards as they affect urban problems.

I need not explain to this audience that when one examines these issues in detail one finds other urban problems such as welfare, pollution, and race are bound in with it. Our purpose here is a constructive

one. We are not here to investigate Detroit; we are here to learn from Detroit. Our original hearings here were postponed. They were scheduled during the week of the riots. We have now returned as we said we would.

The issues we planned to hear about then — financing city services, producing an abundance of housing for Americans with low income, and ways to pay for the services which are vital to their functions — all these are as pressing and urgent today as they were then.

We are delighted to be here. We will not only listen to witnesses but see something of your housing program and your city.

The members of our Commission are men who have busy lives and time-consuming tasks and businesses. I want to thank them for the extraordinary fidelity which they have shown throughout our meetings. This is, I think, the 16th city in which we have held hearings and they have come great distances and devoted so much time to work with the Commission.

We are delighted to be here in Detroit, as I said, and to have the pleasure of hearing from your splendid Mayor, Mayor Jerome P. Cavanagh. We appreciate very much your being with us, Mayor Cavanagh, and taking time to discuss some of the issues which you regard as important. Thank you very much for coming.

MAYOR CAVANAGH: NEED FOR PRACTICAL ALARMISTS

MAYOR CAVANAGH: Thank you, Mr. Chairman. Gentlemen, let me say first I am very pleased not only that I have the opportunity to speak to you briefly this morning, but also I think our city is honored by the presence of this distinguished group and particularly you, Mr. Chairman.

And as you have indicated, Senator, the very tragic events of this past summer have made the work of this Commission much more deeply important than it even was before, as important as it was, and thus I would welcome this opportunity to share with you some of my thoughts on what plans and hopes we have for the future progress of our city, which I think relate to every other American city also.

Before I deal specifically with some of the programs and possibilities that exist within this city let me say that, like many of you, I have repeatedly raised my voice and warned that I think the American cities today are in a state of crisis so deep and so abiding that — and I don't overstate this — our national destiny is really threatened. I've said this before a wide diversity of groups and organizations, before the Congress, and even in the halls of the White House.

Just last year, before the National Institute of Public Affairs in Washington, I had the opportunity to speak, and I warned them that everything in the Nation is not going to be all right. I recall I said that I didn't mean to preach blood and thunder there that evening, but there is a good deal of thunder that can be heard and blood had

already been spilled. I think that's tragically been brought home since that time with some 110 cities having faced some kind of eruption or riot this summer, the National Guard having been called out 24 or 25 times in 32 different states. So, I would pose today the rhetorical question that I wonder how many warnings this country really needs, how many times mayors and other people have to go before the Congress and before the Administration, before the country, and say we are all in the urban boat together and the boat really is full of holes.

So, if I may, I'd like to address myself to Detroit's problems, and I think we should begin by a very brief description of Detroit and Michigan. First, of Michigan's 8 million people, approximately 10 percent are Negroes, and about 70 percent of the Negroes in our State live in the Detroit metropolitan area, where roughly half of our State's population is centered.

Detroit's Negro population today — that is, in the city itself — is estimated at over 600,000 of a total of about 1.6 million people. And as you know, our city, like every other city, is surrounded by an extensive group of suburbs. There are about 200 separate units of government in this metropolitan area. And the suburbs now, of course, contain the bulk of the metropolitan population. Only a handful of these suburbs have any Negro residents at all — which is the classic pattern.

Detroit Tried . . . but It Was Not Enough

I think it is acknowledged by most objective observers within this country that our city, Detroit, has used many Federal programs with great effect. We have federally assisted programs to combat poverty; youth and adult employment projects; manpower developments; skilled training centers; pollution control programs; health programs — I could list them all — renewal housing programs and so on. Since July of '62 until August of '67 the Detroit area has received some \$230,422,000 in Federal funds for various programs. That's approximately over five years, and this is in addition to the many local programs which the city has which have no outside help.

So, I think we have done a great deal. And no one, I think, in many ways has tried harder to listen to the views of the people on the streets or tried to translate those views into some specific programs. There's so much more to do, however. Much more can be done and should be done, and I sit here today knowing full well really how inadequate so many of our programs are. I know that as much as we try to get down to the streets we are really not too sure what's happening there, and I think that can be said of just about every public official in America.

And it is clear to me that despite our very massive efforts there's a great underclass in our urban society who have not been reached, and there are really few programs that touch them and give them any degree of hope whatsoever. I think the incidents of the past summer in this city have served to reinforce this realization on our part and to make the timetable of priorities even more desperately immediate. When Detroit and New Haven erupted, all the excuses in the past

which we have relied upon in this country vanished. In some of the other communities where riots did take place, I think the American public could sort of assure themselves that there was some reason other than the inadequacy of what they were doing — the local administration didn't have communication or didn't have sympathy, or something of that kind. I think New Haven and Detroit sort of put that cliché to rest, really, and demonstrated the great inadequacies of what we are doing and how fundamentally deep and serious this problem is.

While I know the riots are not the immediate concern of this Commission, and I have submitted very much more detailed testimony to Governor Kerner's commission, I'm sure as it relates to your hearings you might be interested in some of the actions that surrounded that very tragic event this summer because it does have a relationship to what you are seeking.

I'm sure I don't have to tell this Commission that the explosion that ripped our city had many points of origin over a long, long period of time. It has its link in recent years with events in Washington, D.C.; Birmingham, Alabama; Tuscaloosa; Jackson, Mississippi; Cambridge, Maryland; Kansas City, Missouri; and I can tick off all sorts of cities — in the Watts District in Los Angeles, Harlem, Bedford-Stuyvesant, even in the cotton fields of Louisiana and Texas. The fact is that up to date in 1967 alone, as I mentioned, there have been all sorts of disturbances ranging from major incidents to riots in cities containing almost half the population of the United States.

There has been no discernible relationship between the location or degree of violence in these disorders and social or economic or governmental factors. If there was a pattern it was sort of a crazy-quilt pattern all across the country.

In this city there was no specified, justified grievance which particularly sparked that outbreak. This city has made a maximum effort over a long period of time to use all possible resources to lessen tension between races and has made some very serious but obviously inadequate attempts to improve housing and education and jobs, particularly for our Negro citizens. But it is obvious that we could not prevent a very significantly large percentage of our population from feeling alienated enough to violate blatantly this society's law and the rule of law under which we are supposed to live, because the powder keg these rioters ignited is really the social background, and the social background is very simple.

It is just that, for the overwhelming majority of Negroes, oppression and segregation are still very much a fact of life. It is true that there have been changes in these patterns in recent years, and in Detroit, as in most of the northern American cities, these changes have been most maningful and most far-ranging. But, despite all this it is still clear that a very significant number of the American white middle class have never accepted the Negro as a neighbor, as a fellow worker, as a contributing member of American society. And this constant arm's length treatment does feed back through the entire fabric of the Negro community and creates the social background in both estrangement and

frustration that make up this powder keg. And to those who feel the total answer to this kind of situation, to the dangers whose manifestations we have seen, is simply more guns and clubs and force, I would say that they are wrong and very catastrophically wrong, because repression without channels of release is really a Molotov cocktail. It takes really only a match to set it off, and its destructive effect can be spread everywhere.

Post-Riot Measures in Detroit

However, gentlemen, since I know you are busy, let me turn quickly and briefly to some of the actions taken by our city in the area in which you are interested in the wake of these tragic events. As soon as the riot was over that week we acted as quickly as we could with both some immediate and longrange measures. First, we set up an emergency organization that is still functioning within city government, called the Mayor's Development Team. The first assignment was to take the necessary steps to meet any emergency needs of the riot victims and many special steps obviously had to be taken.

New Detroit Committee

But, I would like to mention one thing that I think is most important for this community and it could well be a harbinger of things to come in the country. One of the most encouraging developments since the riot has been the organization of our New Detroit Committee under the direction of Mr. Joseph L. Hudson, Jr. This committee has been really actively engaged in mobilizing the resources of industry and labor, of voluntary agencies and private citizens. There was some criticism about this committee, that it was just another typical blue-ribbon committee, but its membership is broadly representative of the community, I believe, and more importantly, some of the things which it has done since it has been formed have been quite significant to this community. They have chosen to work in five major fields — employment and education, redevelopment, communications, community service law and finance.

This committee took up as one of its first concerns the educational needs of the children who are victims of dislocation as a result of the riots. They had asked the Governor to provide school books, recreational facilities. The New Detroit Committee also pledged itself to support and work for open occupancy in housing, not only in Detroit, but throughout the huge metropolitan area, in order to meet both the emergency and longrange needs in the housing field. Certainly many of us, particularly myself, attach great importance to the work of this committee, with its many distinguished members.

I think it is in keeping with the philosophy of our administration that the urban crisis must be the concern of not only people of all levels of government but also we have to begin — and there's always

great talk about this, but really relatively little has been done and I see it as one of the prime functions of government — to mobilize the vast private resources and dedication of all the segments of the community. I think it is the function of government to identify the areas in which the private sector can and should be moving and, if necessary, by legislation to build the incentives or profit motives to cause the private sector to move into those fields. And we have to begin to encourage private investment in the central city to create the jobs and in general, to become far more involved in the solution of urban problems.

I can recall testifying, Senator, before a distinguished former colleague of yours, Senator Ribicoff, a year or two ago, when he held his hearings on urban problems. The question was asked by either Senator Ribicoff or Senator Kennedy about the cost of doing some of these things for the American cities, and there were some fast calculations or miscalculations, as the case may be, by one of the distinguished members of the committee. He arrived at the figure — if what I said was true and if it was applied to every community in the country across the board — it would cost the Nation a trillion dollars in the next 10 years. I wasn't talking about just public money, because even if the public treasury had that kind of money, there would probably be no public disposition to even spend it in this area. But, I think today in view of all these riots, a trillion dollars over the next 10 or 15 years doesn't seem as far-fetched as maybe it did even a year ago, particularly if you include all of the money that could be committed in this country — not just from public sources, but more importantly, from the private sector.

But while we in this city are looking into better and more effective ways to maintain law and order, this really can only be done with the help of both the state and Federal governments. And as important as effective law enforcement is in the solution of the urban problems, I continue to repeat that we have to work harder than ever to really eliminate the root causes of civil disobedience and disorder, and work harder towards creating what so many people have called the livable city. Towards this end I would recommend the following:

Reparations to Ghetto Dwellers

First, I think frankly that we in this country have to face up to the need to consider and accept a new principle on which to base both Federal programs and appropriations. The principle is relatively new in this country, although longstanding in other countries — certainly in international affairs — and that's the principle of reparation. It is longstanding in justice, dating back to generations certainly preceding ours. I mean the great injustice of discrimination, and the denial of equal educational, vocational, and professional opportunities for both advancement and progress. This has gone on for years and it is still

with us and the price we pay for these generations of injustice is just without calculation.

And now I think our country must begin to make reparation for the deeds really of past generations and of our own as well, and this is recognized in international law. In recent years the West German Republic, as all of us know, made very substantial delivery of both goods and equipment to many countries in Europe and most recently to Israel, not just in the name of the living but also in the name of the dead.

I'm not talking about individual reparations in money, because even in international reparations the world learns by bitter experience that money alone neither pays for the injuries in the past nor buys a very secure future. I'm talking about reparation in the form of special work-training programs and special educational programs, special community construction and reconstruction programs, including both housing and business, involving efforts not just by government but by business and private and public organizations, by the schools and universities. And I certainly do believe — and I've long said this — that we have to reorder our national priorities and place the needs of our cities high on the national agenda so that this principle about which I just spoke can have some meaning and effect. It is just as important to our national destiny in the streets of America as it is to conduct a war out in southeastern Asia.

Sensitize Federal Agency Programs for Cities

I think too, Mr. Chairman and distinguished members of the committee, we have to reorganize the Federal establishment, the departments and agencies, to make them much more responsive to urban needs and to begin to assure a coordinated effort towards innovation in some of these programs. I think we have to really today — and this summer has demonstrated this — write a new textbook for the two Americas with which we are faced in this country.

Block grants to the cities will provide both the flexibility, and maybe more importantly, fix responsibility where it belongs — right in the community.

The funds available have to be of such a magnitude that they will have a real impact on the problem. That's one of the great difficulties of the Federal programs. They are conceived well and there's no question about the fact they have considerable merit. But unfortunately they have been so underfunded that they have never really had an opportunity to demonstrate what they can do, and as a result they are constantly subjected to, at times, legitimate criticism; more frequently, unjustified criticism saying, see, I knew the poverty program or the housing program, wouldn't work. Well, it isn't a question of the fact they wouldn't work. It is because the appropriations generally have been so niggardly that they really haven't had an opportunity to work. I think the proposal to conduct a war on all the influences blighting

our urban society with a bow and two arrows will really merely heighten tension and lead in the long run to further explosions.

I think we obviously have to learn much more about our problems and encourage urban research and innovations. It is pathetic. It seems to me we should spend so much money on curing — or attempting to find cures for — the ills that beset our body and yet we still have done so little to seek cures for the ills of our urban society. We have to begin to engage, as I mentioned earlier, in some massive programs to encourage private enterprise to create jobs in slum areas and train slum dwellers. This could take the form of specific tax incentives and tax credits, faster amortization of factories or other enterprises in the slums.

All Public Agencies as Employer of Last Resort

We, for example, could provide tax credits for pollution control devices but we have not provided similar kinds of credit for business investments which can help to eliminate the pollution stifling the human spirit. For those who otherwise would not be employed, there is the need I think, to emphasize the role of the public as the employer of the last resort — not just the Federal Government but all public agencies.

There are many things which obviously have to be done to make our cities more beautiful and more inhabitable. The cities do not have the funds to begin to do all that must be done. Nor do they have the funds to provide meaningful jobs for those who will not be able to get a job in the private market but are willing and able to work. This would be done through a reconstruction of the Urban Public Works Act which would include training under the public sector to emphasize employment of ghetto area residents.

I think, Senator, your long experience, particularly with the Accelerated Public Works Act and the Area Redevelopment Act would indicate at least in the Accelerated Public Works Act there's relatively little employment of hard-core unemployed. This is why we have to structure really a different kind of act.

I think in a variety of ways we can make it possible for our Nation to use the potential female labor force by creating a network of day-care service centers for children too. But we have to take steps to provide both insurance and re-insurance for those who are willing to invest and live in the so-called high risk areas, America's ghettos. Our State Insurance Commissioner estimates that of the \$144 million worth of property that was destroyed in our riot, only \$84 million was insured and getting insurance to rebuild. Creating a new environment in the slums will be increasingly more difficult now than it has ever been. But disaster insurance and re-insurance is presently available for crops and crop damage for loss from natural disasters, and it certainly should be extended to cover the kind of damage that results from riots. To suggest that that's rewarding the rioters, I think, is not dealing very realistically with the problems as they exist.

I think too, we have to assure obviously, that every child in America has a quality education, and that public education be both equal and provide a meaningful education of high quality.

There should be established, I believe, an urban development fund nationally and a National urban development corporation to create the financial underpinning and the management capabilities needed to create the livable city. I think this fund could be a revolving one that would encourage investments in low-cost housing, technological innovations, some area-based industries, and other very creative solutions as well. It should be a risk-taking activity and lean heavily upon the genius of American free enterprise to support their investments through the use of an urban development corporation. Certainly encouragement of new firms and Negro business enterprises in the slum areas will provide employment, reduce tensions, and above all else, stimulate personal ambition among Negro youths and provide a more stable community base.

Need for Decent Housing Is Obvious

The need for decent housing seems to be so obvious, but to the slum dweller it seems beyond his reach. A low-cost housing program which emphasizes homeownership is needed, and it must be designed to make it possible for people on welfare even to make payments on their homes. The technology does exist in this country. You gentlemen know this even better than I do. And the barriers created by even some of the unions — the building trades — will just have to be overcome and the necessary subsidies — if that's what it takes, initially — will just have to be provided.

I think that if we have to point to one area in this city where I feel our city administration has really not done obviously as much as it should — and I think there are many areas — the housing area truly is one, because like most other cities, what we have done here has just been totally inadequate. We were faced in the last four or five years with a very soft housing market in which there was an adequate supply, particularly in the private sector of low-income housing. Then within the last year and a half or two years, tremendous pressures developed which government really should or could have anticipated. But even if they had been anticipated, spending money when there is no exact need at that point always becomes a problem. But the market tightened up considerably for the last several years because of the economy, because of urban renewal, because of freeway construction, and we now have a totally inadequate low-income housing supply — grossly inadequate in this city.

We engaged then within the last year on a crash program of not just federally assisted public housing but the city itself engaged in a number of non-federally assisted low-income housing projects. We set up some special staff in our housing commission to encourage

221(d)(3)¹ housing. I think we are going to probably be hearing from some witnesses that have been very actively involved in the 221(d)(3) area.

But I don't kid myself or ourselves — one of the reasons why Twelfth Street erupted was the tremendous density in that area, caused at least in part by people being displaced because of either urban renewal or freeway construction and not having adequate housing. The people who tour those areas and see some of the rather solid kind of housing that is in and around Twelfth Street wonder, well, you don't call this slum housing, do you? No it can't be characterized really as slum housing but — there is a neighborhood in which I grew up, in which homes that were designed for maybe two families now have six or eight. That's the same pattern also through parts of that section of our city, and it in part has been caused by the failure of the government and certainly the failure of private enterprise. But I can readily understand why what housing has been built has been built mainly and principally in the middle- and upper-income bracket, because there just is no margin of profit for the private developer in the low-income housing field.

Certainly the health problems of slum dwellers are great. I'm not going to emphasize that, because I know it doesn't relate directly to what you are addressing yourself to. But, there is a deep resentment of those who take advantage — and there are many — of the slum dweller's lack of sophistication in handling money by selling shoddy goods, and overcharging for what he gets — a source of discontent truly. So, a consumer service and consumer protection program which is tailored to eliminate this situation is required.

Recount People, Jobless in Inner City

I think too, Senator and gentlemen of the Commission, there is a great and urgent need really for a census to be conducted in the major cities of America in order to reveal the facts about housing and unemployment and to really count every resident of the so-called inner city. I think without question today it is assumed that at least 10 percent or more, particularly of the Negro males, failed to be counted in the last census. This addresses itself directly to the stock of housing and other physical needs and social needs that might exist.

Let me say that I don't think any of these suggestions I've made, although they are rather broad and general, can be called either utopian or particularly far-out. They are really much more in the category of what I would call a minimum course of action necessary if we are to reverse this trend we see happening all around the country. When I first started to speak about some of these things, many of my remarks frequently were greeted by terms such as an alarmist or a professional do-gooder. Yet, I think if recent events have taught us

¹ Mortgage insurance for new or rehabilitated rental housing for displaced or low- or moderate-income families, with mortgages bearing below-market interest rates.

anything, they have taught us that we all ought to become alarmists in the positive sense of the term. It has taught us too, I think, that there can't be any longer dichotomy — if there ever really was — between do-gooders and "practical men." I put that in quotes, because we have to be sort of both. For awhile it might have been possible to engage in a scholarly — or maybe not so scholarly, but at least leisurely — discussion as to the type of society we choose to hold, and to contemplate the way of life in our urban areas. Recent events really have made prompt action on our part as a Nation not just necessary but really a question of survival, because I do believe that this country is faced with its greatest domestic crisis since the Civil War that tore this country apart. And unless we move, and unless we act expeditiously with a far greater sense of urgency than we have, I hate to contemplate the consequences of this continued course.

And that, Mr. Chairman, is why I am so pleased that our great President has appointed you and your distinguished colleagues of this Commission to investigate America's number one problem — its urban problem. It doesn't belong to just the mayors or the city dwellers, it belongs to all of us because it affects all of us, no matter where we might live. Thank you, Mr. Chairman.

MR. DOUGLAS: Thank you, that's a very able and very fine statement.

We have a mayor on our commission too. Mayor Vandergriff of Arlington, Texas, has been one of our most devoted members and one of our most intelligent members. I'm going to ask him if he would begin the discussion.

QUESTIONS BY COMMISSION MEMBERS

MR. VANDERGRIFF: *Thank you, Mr. Chairman. Mr. Mayor, I was intrigued with your suggestion about the cities being the employer of last resort —*

MAYOR CAVANAGH: The public sector, including the cities, yes.

MR. VANDERGRIFF: *Yes. This seems to have much potential. I'm wondering, have you done this sort of thing on any type of experimental scale, although perhaps limited?*

MAYOR CAVANAGH: Well, Mr. Mayor, what we have done has been very limited, there's no question about it. We've, I think — particularly through our summer opportunity programs — employed more people, relatively speaking, than many other cities in the country; and certainly through our anti-poverty program we have done the same thing. But we really haven't done anything of any degree of significance in this area of acting as the employer of last resort.

I think there is much that is yet to be done by the private sector in this area before government has to, or should, assume what I consider its natural obligation: that is, if there are people in our country who are ready, willing and able to work, and they cannot find employment

in the private area, well then, government should serve as the employer of last resort. It isn't anything really new or unique, it is a technique followed in many countries in our western civilization and it's been suggested too, many, many times in the past. I do think that the terrible problems that confront the cities of America point this up more dramatically today than ever before.

But, as you know, the least able government to serve as an employer of last resort is city government. We are faced with the situation — even this year — of having to eliminate over 700 jobs from our local budget because of the tremendous financial crisis with which this city is faced. When I came into office we had a \$34.5 million deficit. We enacted a municipal income tax which eliminated that deficit; but today we are faced with the prospect in the upcoming year of having a deficit, if not that high, a deficit quite high, of about \$15 million. I have no idea whatsoever where we are going to find the resources to fund that deficit because we are at the limit of our local taxing ability. The state has largely remained, as I frequently say, sort of a silent spectator to the problems of the urban areas, and it is obvious there's going to be no massive Federal program that is going to take any of this pressure off.

So, bad as it is today, I'd hate to contemplate what it is going to be like next year and four and five years from now, because the help is not there — it is not coming.

Big Cities Neglected by the State

MR. VANDERGRIFF: *On this matter of state aid and the problems of our cities, I must confess I'm not familiar at all with Michigan's record in this regard. But it is a subject of much interest on a national basis.*

I'm wondering if you would comment upon your personal experience in this regard.

MAYOR CAVANAGH: Well, it seems that mayors generally like to be critical of the state legislatures. I used to say that when we reapportioned our state legislatures the mayors had run out of speech topics because they were sort of a favorite whipping boy. But we haven't, interestingly enough, even with the reapportionment in the Legislature, because the rural interests which dominated most of the State Legislature have been transferred principally to suburbia. There seems to be more antipathy at times — sometimes emanating from the same political parties — toward the central city. At times better accommodations could be made by this city with some of our fine rural legislators, in years past, than can be made today with some of our very close friends and political neighbors in suburban areas in the Legislature.

Detroit lost six or seven seats, I think, in the reapportionment of the House of Representatives. Suburbia, rightfully so, picked up most of the seats. But there is a strong feeling among at least some of the

suburban legislators that they have escaped, and that's your problem down there in that central city.

I merely point this out to indicate — and not any one political party seems to have a lock on this sort of attitude, because it has happened in both political parties at the State level — that finally, after years of trying, we had a State Housing Authority created in this State, just within the last year and a half. But still no money has been appropriated for the State Housing Authority, so its very purpose is meaningless until there is money. The Governor has promised in this new special session of the Legislature to fund the State Housing Authority. We were the only northern industrial state that did not have the state involved in any way in the field of housing, a very significant area in which they should be involved. Illinois, New York, Pennsylvania — some of them have not done too much, but at least they were involved in this to some limited degree. Michigan had never been involved in the housing area and I think this is just typical of the attitude frequently expressed, although I have great respect for the members of our Legislature. I think we have a good Legislature. It works hard. My relationship is generally good. The relationship is good, but the results aren't too good.

I can see so many things that we think the State should be moving in on and they are not. Detroit as the central city, the big city of the State, always seems to represent sort of a special case to the Legislature. They will build health clinics or things of that kind in every other city in the State. But if you want them in Detroit you build them and pay for them yourself, and that's been the pattern in this State. We did all of our own milk inspection for just the residents of this city, even though it was paid for in every other city in this State by the State itself. They took the attitude, well, you're doing it, you have been doing it for 50 years. We will take care of the people in Alpena — I use that city because I've got lots of friends there; it is a little city way up in the northern part of the State — or we will take care of the people in Harbor Springs or some place. We will pay for their health facilities, have milk examined or meat inspected, but you do these things yourself, and you pay for it. Most of your tax money comes from this metropolitan area. The taxpayers traditionally in the urban areas have been sort of doubly taxed. They pay to the State, yet at the same time they have to provide these services themselves.

MR. VANDERGRIFF: *One other question, Mr. Chairman, if I might.*

Mr. Mayor, you have touched lightly upon what you referred to as some non-federally assisted housing programs of the city. Could you enlarge upon that please?

Non-Federally Assisted Housing

MAYOR CAVANAGH: Yes, there are three. They are relatively small, but the tremendous amount of paperwork connected with urban renewal applications meant that we had to just move ahead on our own

because it would take, at best, maybe two and a half years to have an urban renewal application approved and something started.

Even doing it with city funds is a slow enough process, so we did start in a neighborhood surrounding a neighborhood that was an urban renewal project. We are developing, among our urban renewal projects, a project called Research Park up near Wayne State University, trying to clear some land to induce some new, small research-oriented industries to come in, and to tie it together with our great university facilities — the University of Michigan and Wayne State University. But it was causing dislocation of people in those neighborhoods for whom we really didn't have any adequate housing, or at least housing that satisfied the people that lived there. So, as an accommodation, particularly to several of the organizations there, we undertook to do some of these housing projects ourselves.

This isn't anything new in this city. When I came into office we started a number of non-federally assisted neighborhood conservation and rehabilitation projects. It seems that sometimes the federally assisted neighborhood conservation projects have to be so vast in scope that they almost become unmanageable. I think we were one of the first cities in the country — before I came into office — to have a massive federally assisted neighborhood conservation project. But it is so big that it requires a continuing budget which the city can't support to merely continue to enforce the codes and things after your conservation project ends. It puts such a great financial imposition on the city that it is almost impossible in some ways to maintain the high standards developed during the conservation periods.

We went into several neighborhoods and made them small enough to make them manageable, and we set up neighborhood conservation offices. We could demonstrate very clearly in those neighborhoods what resurfacing and tree trimming and the other physical services we provided meant, and people could see what was happening. Actually you could measure an improvement because the neighborhood was small enough. I forget the exact number we have but I think it is about 10 non-federally assisted neighborhood conservation projects operating in the city.

While I am on that subject I think it would be interesting to the Commission to learn — and I'm sure you might have other witnesses to testify to this — that there's a matter of interest pending today or tomorrow before our Common Council. We propose to appropriate city money with a Federal grant — the Federal grant is \$23,000, the city funds are something less than that, but the total is about \$50,000, if I recall correctly — for what they call the Virginia Park Redevelopment Corporation. This is a nonprofit neighborhood organization that was formed — it is right out in the Twelfth Street area — long before the riots. But it will be the first neighborhood that has participated in what is generally termed advocacy planning. In this, the planner and people really plan their own neighborhoods — not with total reliance on the central planning staff down in city hall. It is a new and rather difficult concept. I think it is a very good one. Our

administration supports it; we helped to develop the idea. There's some controversy in the community as to whether this is an abdication of governmental responsibility; in fact, it is not. But, these are the sorts of things that I think we have to do in the neighborhoods — become much more innovative than we have.

Early Effort on Model Cities Program

One other thing, Mayor, that I'd like to add for the benefit of the Commission, is that before the riots we had formed in this city, through the good auspices of Walter Reuther, Henry Ford, Walter Chrysler, the Chairman of the Board of Detroit Edison, and a number of other fine men and women in this community, a citizens' nonprofit corporation. Its purpose was to mobilize the private resources in this community into assisting our Model Cities application and our Model Cities Program. We have sort of a sense of proprietorship in the Model Cities concept, because much of it, I think, emanated right here from this city. In any event, their job was to raise about \$600,000 in seed money and eventually maybe \$6 or \$7 million in a revolving fund to work principally in the field of housing. They are working with some sections of our city, particularly the Lower East Side. By working to get neighborhood organizations that already are in existence to act as sort of a general or prime contractor in that area, we hope to acquire a vast urban renewal area and assist financially and with technology those neighborhood organizations or those neighborhood corporations that want to build some of their own housing. There are discussions under way on this already.

I am pleased with the fact that not only have these men and companies and labor unions lent their names but they've lent their talents and, more importantly, committed some resources to those companies. And as Senator Douglas will recall, Detroit took great advantage of an act which you were principally responsible for, Senator — the Area Redevelopment Act. The only way we really did it was to form, when we came into office, a new Detroit Metropolitan Industrial Development Corporation (DEMETCO) with many of the same men. They put up the local money that was required by the act for the construction of some of the buildings that qualified under ARA, although there was some argument about whether all those hotels and motels should have been built. Nonetheless this DEMETCO Corporation moved into that gap and they moved in this area as well.

MR. VANDERGRIFF: *Thank you very much.*

MR. RAVITCH: *Mayor, you very eloquently pointed out the price urban society is paying for long years of segregation. This is a statement that we have heard, I think it is fair to say, in every city we have visited. I would like to pursue some questions about what steps we can take to change this situation.*

First, may I ask you about the location of low-income housing projects financed through the Federal programs or under any combination of city or state? Well, I gather you have no state assistance at the

moment in this area. But are you locating, or urging the location of, these housing projects in the ghetto areas or in the middle-class areas of the city?

1,100 Units of Scattered-Site Public Housing

MAYOR CAVANAGH: Well, we have 1,500 units of approved low-income public housing. I've been opposed to the construction of the high-rise, high-density kind of public housing which I think soon turns into, if not a slum, at least into blighted housing. And this is the institution-like, barracks-like kind of housing we see generally ringing the expressways in most of the major cities, including Detroit. So, of the 1,500 units of public housing we have had approved by the Department of Housing and Urban Development, 1,100 have been in turn approved — the sites that is — by our Common Council. That's what we call our scattered-site housing program, low-rise — no higher than two stories — built on small lots that may be in clusters of at most 20 units, built throughout the city, scattered throughout the community. Even in neighborhoods which have never had any low-income housing; so that, in fact, the public housing we propose to develop would enhance that particular neighborhood.

So, in answer to your question, Mr. Ravitch, we are attempting in this instance, with these 1,500 units, which is the major program now in the city, to spread them throughout the city on the basis of need. It accomplishes more than just making housing adjustments in the community. Land in any city is always difficult to acquire because it is more costly and requires the relocation or displacement of people. Frequently these are built on isolated vacant lots in the community that in fact are not being used — corner lots. You go into a lot of sections of the city and you'll find a couple of lots there or you find a couple of homes really that aren't in keeping with the rest of the neighborhood. They are almost blighted themselves. If you should build some tasteful, attractive public housing in these places — but this is something, by the way, that PHA¹ has long objected to. If you propose to put a balcony on a unit of public housing, they wouldn't approve that because they seemed to put a premium on something that wasn't designed very well or didn't look very well. It was an attitude I think that developed on the basis of a concept some Congressmen had about public housing, and therefore they regarded this as sort of a frill. But that, fortunately, is coming to a halt now, and public housing is a little more liberal.

MR. RAVITCH: *Can you say approximately what percentage of that 1,500 units is going to be built in the ghetto areas?*

MAYOR CAVANAGH: Well, in the inner city — I just have to take a guess — it might be about half. But that's information I can provide more accurately. I don't have it really broken down as to what the

¹ Public Housing Administration now Housing Assistance Administration, under Department of Housing and Urban Development.

percentage is in what section of the city. I don't want to indicate the whole inner city is a ghetto, because it is not. Ghetto is a much used and frequently misunderstood term at this point in time. We can have physical ghettos but we also have many social and economic ghettos in rather attractive physical surroundings.

MR. RAVITCH: *Is there much citizen opposition in some of the white areas to the location of public housing in their community?*

MAYOR CAVANAGH: Yes, there is some. I would say the intensity of opposition might not be as great today as it was in years gone by. But there is still — I don't kid myself about this — there's still opposition, some of it rather strong, and the opposition is generally quite vociferous.

MR. RAVITCH: *Mr. Mayor, you referred to the 221(d)(3)¹ program. Do you find there's an adequate supply of below-market interest mortgage funds coming from Washington?*

MAYOR CAVANAGH: No, I don't. And I think particularly if you are hearing from — as I think you are — some of the neighborhood residents who are attempting to develop 221(d)(3) corporations, they will identify that as one of the major problems: the inability to secure the kind of financing to even avail themselves of this kind of a program. This is where the Reuther-Ford-Chrysler corporation hopes to play such an important role — to fill whatever vacuum exists, particularly in the 221(d)(3) area or some other program, with whatever financing is missing.

MR. RAVITCH: *Would you care to comment as to whether you think the below-market 221(d)(3) program or the rent supplement program,² with conventional mortgage financing, would be more helpful — beneficial — to the people of this community?*

MAYOR CAVANAGH: I don't think I would like to make a choice. This is a choice that was originally suggested by the Department of Housing and Urban Development when rent supplement was first suggested. And many of the mayors of the American cities, including myself — and particularly the great mayor of the City of Chicago — and other cities that have had some degree of success with 221(d)(3), just did not want to make it an either-or situation. Subsequently, as we know, a rent supplement was introduced as not just a substitute for 221(d)(3) housing, with which we had some experience and some degree of success. But I think at this point in time there is a very important role for both to be playing, because the supply of housing is so completely inadequate in this country that we need not fewer kinds of these programs but even more.

Rent supplement is the kind of program that should attract the most conservative of people in this country, generally the opponents of the public housing programs, the people who have objected in some degree to what they call government participation in the housing

¹ See page 10.

² Federal payment of the difference between 25 percent of the income of a low-income tenant and the rent he must pay for standard private housing. Provided for in Housing and Urban Development Act of 1965.

field, because rent supplement really is designed to promote the private interest in the housing field. I've been somewhat amazed at the opposition to rent supplement, which is basically a conservative program in character. It is one I support.

MR. RAVITCH: *One last question. You suggest that we ought to consider reorganization of the Federal efforts in this area. Do you have any specific suggestions along that line?*

Interrelations of Urban Programs

MAYOR CAVANAGH: Well, I think that there are suggestions by the Advisory Commission on Intergovernmental Relations. But we have this whole welter of categorical programs administered by half a dozen departments and a like number of agencies, most of which are totally unrelated to each other — HEW, Labor and HUD — and we can tick them all off. This is one reason, by the way, why we don't really see the impact of the urban programs which the Congress passes because their administration is so diffused that you never are able to put all of them together. I think what we have to understand is that to make an urban renewal program effective, you have to effectively utilize a number of other programs as well. It is the cumulative result which is really important.

But we, for example, can begin an urban renewal program with no assurance that we are going to have any open space money, which might not come that budget year. So, as a result, the effectiveness of these programs is rather frequently diffused and not too well coordinated — which is an overworked word. I hate to use it, but it is a fact. I think we have to reorganize on other levels of government. We are attempting to do it in city government as well.

Most city governments were set up 30, 40, 50 years ago as sort of a general municipal housekeeping situation. City government today is much more than merely keeping our streets clean and picking up garbage, whether we like it or not. Today it is more in the field of social innovation and social administration and the great difficulties that exist in the city. Crime and delinquency and drop outs, and so on, all relate to the administration of government, about which the cities and the Federal Government don't have any great degree of sophistication because it is so completely new — at least in the field of public administration.

MR. RAVITCH: *Thank you very much.*

MR. DOUGLAS: Mr. O'Neill?

How to Set up Urban Development Fund

MR. O'NEILL: *In your presentation you suggested that an urban development fund and an urban development corporation be established. Could you be a little specific about that, and how you might finance it?*

MAYOR CAVANAGH: Well, there are a number of international monetary funds. I am obviously no expert in economics, but I think on the basis of the experience of some of these international monetary funds, we could structure an urban development fund that would be very much like it and it would devise sort of revolving financial assistance in many areas of our country, particularly in these areas about which I am speaking. I think these are the sorts of approaches that have to at least be considered. I don't have a specifically delineated proposal in relation to an urban development fund, but I think it is, as the name implies, for the purpose of financial underpinning when your usual financial institutions are not either willing or able to provide that financial assistance.

MR. O'NEILL: *Would you want, for instance, legislation that would let you go to the bond market and generate a fund through a bond issue or some such as that?*

MAYOR CAVANAGH: Well, one of the great problems in just about every city, of course, is that it is completely overbonded, including this community. We have relatively little bond margin today, and every time we authorize an increase in the capital program, which is very slight — I think about 25, 30 years behind most municipal capital improvement programs in this country — you in turn cut back your ability to raise taxes for your operating ends of government. So we are down today, in this city, to about a \$12 million capital program, which is just — it is almost ridiculous for a city of almost 2 million people.

I think to merely increase the bonding ability of the community does not represent the best approach.

MR. O'NEILL: *Where do you generate your initial funds? We know that the cities are trapped.*

MAYOR CAVANAGH: We generate the funds through an appropriation of the Congress, similar to what they have done with other monetary funds.

MR. O'NEILL: *You mentioned, let's say, the larger white society is primarily based in the suburbs in this city, in this metropolitan area. Is fiscal zoning in the suburbs very much a fact of life around Detroit; that is, zoning that would make it almost impossible for low-income families to get any housing in the suburbs?*

MAYOR CAVANAGH: Well, there's no question about the fact that many of the suburbs are zoned in such a way that low-income families, whether they are white or Negro, would be unable to live there. There has to be a greater degree of economic integration in the suburban areas as well. There's no question about it. That is, by the way, why I testified in opposition to some of the "new cities" legislation that had been pending in the Congress a couple of years ago, much to the distress of some people that felt new city legislation was needed. I think it is needed too; but on the other hand there was no insurance it wouldn't be just a proliferation of more all-white suburbs. There were no restrictions written into the Federal act which would insure a mixed kind of housing in those areas.

I think what we have to understand — and I'm sure you do, Mr. O'Neill and members of the Commission — is that today in this country we can build tasteful, attractive, decent looking low-income housing, as our housing director says, because there's no such thing as low-cost housing. We might have housing for low-income people but there is no low-cost housing anymore in this or any other city because of the unit cost of housing. So, we can build good-looking housing even though it might be characterized as low-income housing.

Municipal Income from the Suburbs

MR. O'NEILL: *You mentioned the deficit Detroit faces. Do you see any foreseeable way in the foreseeable future — 10 years — that you can make up that deficit by drawing on the incomes of those who live in the suburbs?*

MAYOR CAVANAGH: Well, we have done that to some degree. It is somewhat controversial — I say somewhat. The municipal income tax was enacted by the city in our administration about six years ago, at which time we levied 1 percent on all those who either lived or worked in the city. Some of my suburban friends objected strongly to their contribution to the governmental process here in Detroit, and subsequently State legislation, per the direction of the Governor, eliminated half of that 1 percent and set a ceiling so that cities could levy 1 percent maximum on their residents and only a half of 1 percent on non-residents, those who work within the city. Of course the great objection — not necessarily to this tax, but this is demonstrative of what I am pointing at — is that legislative bodies, particularly state legislatures, always fix these ceilings and make your taxing power so unflexible that you have no room to move. When they enacted that so-called uniform municipal income tax in the State Legislature two years ago they removed the power of cities to levy any and all other kinds of excise tax, which we had the power to do. So, for example, if we would propose to levy a nuisance tax on amusements or hotel occupancy or something of that kind, which in a city of this size could generate some revenue, we are barred — prohibited by law — from doing that. We have no ability to levy any kind of excise tax other than the income tax which we levied, and we are almost at the maximum limit of our property tax, which is 2 percent of our state equalized assessed value.

MR. O'NEILL: *The creation of the New Detroit Committee which you mentioned as having done so much, is this — this may sound like a naive question — is this an indication of a changed political commitment to the slum problems by the larger constituency in the metropolitan area?*

MAYOR CAVANAGH: I think I'd have to respond to that question, Mr. O'Neill, by saying this. There's no question in my mind that there is a change in the social and political commitment on the part of many people today in the aftermath of the riots. But, it is also a fact — and the distinguished chairman of the New Detroit Committee pointed

this out in an interesting speech just the other day — that apathy quickly sets in after a month and a half or two months after the riots. Many people that it affected did business as usual, have in fact almost forgotten, as indicated by their actions, what really did take place when this city was torn apart.

So, I had indicated that I thought the riots in Detroit could serve, and should serve, as sort of a watershed really in American history. We are at a turning point there. We can either slip back into some pattern of recrimination, fear, apathy, or we can finally move ahead as a Nation. I think to date that has not happened, and I really don't know what it takes to mobilize completely and turn on completely the constituency about which you are speaking.

MR. O'NEILL: *Thank you very much.*

MR. DEGROVE: *Mayor, my first question was going to be whether or not you felt this sense of crisis you have so effectively described — and really you are describing a crisis in the central cities of the Nation — has reached the suburbs of those central cities. I think you answered that maybe it has, temporarily, but hopefully more than that.*

You mentioned you had 200 units of local government in the Detroit metropolitan area. To what extent have you managed, through metropolitan-wide structure, to coordinate the activities of these local governments?

Local Government Coordination

MAYOR CAVANAGH: I think in this area we have been to some degree a little more successful than others, mainly because of the provision of services by the central city. For example, our Detroit Water Board, which is a city agency, supplies water for about half of the State's population and most of the suburban areas — cities as far away as Flint, Michigan, for example. They do it on a contractual basis; they have discovered that it is much cheaper and more efficient, more economical for them to buy water from us. It is the same thing in the field of sewage treatment.

So, I think the provision of services has tended to more effectively coordinate the activities of these various units of government. Then too we have recently formed in southeastern Michigan a Council of Governments. It is a voluntary agency — I should say a voluntary association — of all the governmental units, both county and city, in southeastern Michigan and it is being provided with some authority by the Legislature through the direction of the Governor. That authority is provided particularly in the field of metropolitan transportation. For example, I had proposed for the last five years the creation of a metropolitan transit authority by our State Legislature. This year I am pleased to say that one was created. The Council of Governments has given the job of nominating the members of that authority and of reviewing the budget of that authority. They don't have veto power on the budget but they have the authority to review it.

These are hopeful first signs. This Council of Governments was really established through the help of an organization known as the Metropolitan Fund, which was a nonprofit association of both governmental and business leadership in this community. It was originally financed by the Ford Foundation and subsequently financed through local contributions. Its job was to promote this intergovernmental cooperation and association.

MR. DEGROVE: *Do you see any increasing disposition on the part of the State Legislature or the State government to use a stick, or carrot, or whatever to encourage the suburbs to share with the central city this urban crisis we have been talking about? Are there any hopeful signs on this ground?*

Signs of Suburban Share in Urban Crisis

MAYOR CAVANAGH: Yes, there are. I can see some signs today, I don't think they most fast enough, but I suppose that is something that men in my position would always feel. There are some signs — the creation of the Metropolitan Transit Authority, the creation of the State Housing Authority, things that maybe should have been done years ago but they are being done now. These are hopeful signs, and really it is the state government that is the only unit of government that has the power or legal ability to cause some of these things to happen. The City of Detroit can't do it nor can the suburban communities do it. I wouldn't want to leave the impression the suburban areas are totally immune to the pressures of the central city. That just is not true. We wouldn't be able to operate this city without the help of thousands of people that live in the suburbs. I'm not talking about just their tax contributions. I am talking about their active participation in the problems in the central city.

Then, the riots demonstrated rather conclusively, at least in a couple of areas, particularly in fire protection, where the suburban communities from as far away as Lansing — which is not a suburban community, but is 80, 90 miles away — just poured all their fire equipment into this city, to double the size of our fire department to assist us. Subsequently there was only one of those 42 communities, or however many, that sent us a bill. The rest of them did it on the basis that they thought they should.

Now, it also taught Detroit, by the way, a good lesson. Detroit traditionally has refused to get into mutual assistance pacts in the fire-fighting field with our suburban friends and neighbors. We felt since we had most of the equipment and so on it would be sort of a one-way street. But that riot demonstrated something to us, and we learned a good lesson from that, and I was the first to acknowledge that we had been wrong. We should have long ago been in that kind of mutual assistance pact. I merely mention that to indicate that I'm not totally anti-suburbia. I think people should have a right to pick and choose where they live, but I still don't believe that merely because you leave the city limits you suddenly isolate all the problems.

The slums of Bloomfield Hills are in Detroit, let's face it, and they belong to the residents of Bloomfield Hills in an equal measure as they do the residents of this city.

MR. DEGROVE: *One other question, Mayor. We see in many metropolitan areas throughout the country, the development of the councils of governments you've been talking about — sometimes supported, sometimes not, for many decades. Do you see this as a kind of modest step-by-step beginning of some kind of meaningful metropolitan government, not only for Detroit but for other metropolitan areas?*

Small Moves toward Metropolitan Government

MAYOR CAVANAGH: Well, I see it as a modest step towards some greater cooperation between the intergovernmental entities. But I don't in fact see it as a modest step towards the creation of meaningful metropolitan government, because I think that that is probably going to represent the most difficult accomplishment or challenge we were ever faced with. We are dealing with say 200 independent political units. There are a wide variety of reasons, which you gentlemen know as well as I do, that no one abdicates authority very easily, particularly political authority.

MR. DEGROVE: *When was the last serious effort to broaden the jurisdictional authority, say of Detroit, or to establish some kind of metropolitan-wide government in this area?*

MAYOR CAVANAGH: Well, Detroit has been hemmed in by incorporated municipalities for 40 years, anyway. The last part of the township on the far northwestern side of Detroit was incorporated into the city by the annexation process in the 1920's, the mid 1920's. That was the last. There is still one township on the fringe of Detroit. It is an incorporated township, but to assume you are going to get annexation of that area would be just totally ridiculous. It wouldn't happen. So the last formal effort made was in the Twenties.

But in the meantime, there have been many efforts made by many different people to, if not create metropolitan government, at least attempt to create mechanisms which might lead towards that. The first Supervisors Inter-County Committee in the country was set up in this area. The Boards of Supervisors of our six southeastern Michigan counties voluntarily joined together in what they called the Supervisors Inter-County Committee. This was 15, 20 years ago. Ed Connor, whom the Senator, I'm sure knew — a former Councilman here in Detroit — was the man who started this. It still is in existence although the Council of Governments eventually, I'm sure, will probably take over some of the work they were doing.

They helped our water program immensely in helping to explain it and translate its views when we were taking it to the metropolitan area.

MR. DEGROVE: *Thank you very much. One final quick question. Do I understand your Water Board handles both water and sewage problems?*

MAYOR CAVANAGH: Yes.

MR. DOUGLAS: *Mr. Mayor, I know you have to get back to your office. I don't want to prolong the questioning. But may I ask what are the specific zoning provisions in the suburbs of Detroit which in your judgment make it difficult and in some cases impossible for people of relatively low income to live there?*

MAYOR CAVANAGH: Well, of course, there are the usual zoning restrictions — sometimes even by price or size of homes, or particular types of materials required to be used.

MR. DOUGLAS: *Are rowhouses generally barred in the suburbs?*

MAYOR CAVANAGH: Since there is no row housing that I know of in the suburbs, I would assume that in most suburban areas row housing might not be wanted.

MR. DOUGLAS: *What about apartment houses?*

MAYOR CAVANAGH: No. Apartment houses in some of the suburbs are not barred, although they are restricted mainly to locations near commercial streets.

MR. DOUGLAS: *I wonder if your Commissioner of Zoning would be willing to prepare a memorandum for us on the zoning problems in the suburbs and practices of the suburbs?*

MAYOR CAVANAGH: Yes, we certainly would, it would be helpful information to me also.¹

Racial Discrimination in Suburbs

MR. DOUGLAS: *The second question I would like to ask is in what specific ways do the suburbs tend to prevent Negro families, which can pay the price, from living there?*²

MAYOR CAVANAGH: Well, I think it is the general attitudinal climate that is probably the strongest deterrent to professional Negroes who economically could move into some of the suburban areas. There is — I won't say in all of the suburbs, but maybe in some — a possibility that the city services and law enforcement might not pertain particularly to that Negro family as it would to others. It has happened; so let's not kid ourselves about that.

MR. DOUGLAS: *You mean the police would not protect them?*

MAYOR CAVANAGH: Yes, I'd have to say that. At least this is something that many people have claimed and there might be some truth in it. There's some evidence of that — a few isolated cases.

MR. DOUGLAS: *Will the banks lend money for a mortgage on the house in the suburbs purchased by a Negro, or which a Negro wishes to purchase and which his income will permit him to purchase?*

MAYOR CAVANAGH: I really can't answer that. I think it would be much more difficult and I do know that at times that kind of mortgage financing is obtained through first using a white person as sort of the intermediary. He buys the house and obtains the financing and in turn sells it to the Negro. This is a practice that is followed by many

¹ See pages 28-29.

² See further responses to this and next half-dozen questions, pages 29-30.

people if the Negroes are to move into an all-white neighborhood. It indicates to me that there are obstacles that do exist, even though I might not be able to spell them out for you, in both the area of financing and some of the real estate practices.

MR. DOUGLAS: *You have a Commission on Human Relations?*

MAYOR CAVANAGH: Oh, yes, we do.

MR. DOUGLAS: *I wonder if they would be willing to prepare a memorandum on this?*

MAYOR CAVANAGH: Yes, they certainly would, Senator.

FHA Practices

MR. DOUGLAS: *What are the practices of the Federal Housing Administration on insuring mortgages on suburban housing which Negroes purchase?*

MAYOR CAVANAGH: Well, I see we have our new and distinguished Federal Housing Administrator here this morning, and what I might have to say that might be critical of the FHA, certainly doesn't relate to him. But there's no question about the fact that the policies of the FHA have caused this proliferation of the all-white suburban communities. If you lived in a suburban area, you obtained a mortgage, but you didn't get any kind of mortgage financing if you lived in the central city and particularly certain sections of the central city. And I recognize the FHA has been slowly — and I must emphasize, very slowly — attempting to change this, at least in some areas of the country. But the FHA has helped to create the segregated housing patterns that exist in this country today. There's no question in my mind about that.

MR. DOUGLAS: *In other words if they insured mortgages in the white suburbs would you go so far to say that they refuse to insure mortgages which Negroes wish to take out in white suburbs?*

MAYOR CAVANAGH: Well, I don't know that I could say that, I really don't know whether it is true or not. I have no information on that.

MR. DOUGLAS: *Inside the central city, has FHA made a practice of not insuring mortgages in areas largely lived in by Negroes?*

MAYOR CAVANAGH: I would have to say generally the obtaining of FHA commitments is exceedingly more difficult and sometimes impossible in those areas that you just described, plus one other thing that I think is important. There's a great effort being made in all of these cities to reattract the white middle-class back into the city. This is certainly one of the functions of urban renewal. And in the new highrise developments that exist in a lot of cities there's considerable difficulty getting from the FHA the kind of commitments that I think are needed to develop some of that kind of new construction. It is certainly middle-class housing — middle-income housing — and they say that the surveys which they take show that the market won't support that kind of housing. But we have taken all kinds of surveys both inside government and outside, and they show that some of the surveys the FHA uses are just inaccurate.

So, I also think that FHA should bear in mind the prevailing social philosophy of the country at the time they are developing their policies. And one of the policies of this country is, through the declaration of the Congress, to try and reattract people into the central city and redevelop the central city. Well, I think the FHA should bear this in mind when they make the kinds of decisions which they make. This would include being more liberal than they have been on the issuance of commitments, not just to single-family homes in the central city but also highrise buildings.

Foreclosed Housing for Public Housing

MR. DOUGLAS: *Mayor, FHA forecloses on about 53,000 single-family homes each year and VA forecloses on approximately 27,000 houses. I made the suggestion some weeks ago that a certain portion of those homes be either leased or sold to public housing authorities, which could then place in these homes those who had made good in public housing projects.*

MAYOR CAVANAGH: Yes, we have been doing that in this city.

MR. DOUGLAS: *You have?*

MAYOR CAVANAGH: Yes. We instituted this program first by leasing from the FHA and VA, particularly in neighborhoods that were urban renewal neighborhoods where FHA and VA had foreclosed homes and the people wanted to stay in the neighborhood — older people and so on. We buy or lease. I think we were leasing, although we now, if I'm not mistaken, are buying from the FHA some foreclosed homes to be used as public housing. It's worked very successfully on a limited basis and is an excellent idea, because the cost of acquisition of these homes is far less per unit than the construction costs of new public housing.

MR. DOUGLAS: *This would be scattered sites?*

MAYOR CAVANAGH: Yes.

Race Barriers in Building Trades

MR. DOUGLAS: *I'm very much encouraged by this.*

Now, in your statement you said the barriers created by the building trades will have to be overcome. What are those barriers?

MAYOR CAVANAGH: I think we are faced with dealing with the fact that, in at least some of the building trade unions, the entrance procedures into those unions or into the apprenticeship programs have left a great deal to be desired. When you have 92 young men who are going into an apprenticeship program and only one is a Negro in a city of this size, it would appear to me that there is something wrong with those procedures. Now, my friends in the building trades — and I have many, both politically and otherwise — argue that they do not discriminate. I think sometimes maybe consciously they might not,

but the inheritance of past practices and procedures and the nature of the entrance qualifications and exams do in fact discriminate.

It reached such serious proportions in this city that our Commission on Human Relations — we call it Commission on Community Relations — working with our Detroit School Board, which helps to administer and run our apprenticeship training program, closed it down. We won't open up the latest program — I think it is the electrical workers' — until some changes are made. But, I think some progress has been made in this area, and I think in this city. But obviously much more progress has to be made if we are going to do anything.

Unions and High Labor Costs

MR. DOUGLAS: *That's very good testimony but it refers primarily to employment. Your statement dealt primarily with high labor cost. I wonder, do you have any evidence on high labor cost created by the practices of unions?*

MAYOR CAVANAGH: Of course the wages paid to building tradesmen in this metropolitan area, as in most metropolitan areas, are extremely high. It is not something that I deny the men, but we have to recognize that it has been one of the sort of stultifying factors in construction costs, particularly in the low-income housing field. Until we get — especially in some demonstration projects, innovative types of projects — some agreement from the building trade unions that they will cooperate in relation to labor cost to the same degree we are expecting the builders to cooperate in relation to the other kinds of construction, we are not going to get low-cost housing.

MR. DOUGLAS: *I wonder if your Building Commissioner would be willing to submit a memorandum on the specific trade practices of the unions which in his judgment raise costs unduly.¹ You see, this charge is made in every city, but it is the hardest thing to get evidence. We have searched very hard for evidence but we haven't been able to get much of it. We got some.*

MAYOR CAVANAGH: I'll pursue that.

MR. DOUGLAS: *I know this may create a civil war, but we will appreciate any.*

MAYOR CAVANAGH: I may have to run for office again.

MR. DOUGLAS: *As a citizen of Chicago I cannot help asking one more question — that's on your supply of water. Where do you get your water?*

MAYOR CAVANAGH: Well, we get it, thank goodness, not from Lake Michigan, since Chicago diverts the water over there — I say that facetiously — we get it from Lake St. Clair, and we are building a big new water intake plant on Lake Erie.

MR. DOUGLAS: *Lake St. Clair is interconnected with Lake Huron and Erie and it is part of the Great Lakes, isn't it?*

MAYOR CAVANAGH: Yes.

¹ See page 30.

MR. DOUGLAS: *It has been a very great help to Detroit and suburbs. I'm speaking purely as a Chicagoan. We find ourselves greatly inhibited by Michigan and other states to use the water of the Great Lakes. I just throw that out.*

MAYOR CAVANAGH: Well, there's some claim that water you use winds up in the Mississippi and that's why, if we put it back in the Great Lakes maybe there wouldn't be that objection. But, I'm no water expert. I'll leave that to the state.

MR. DOUGLAS: Thank you very much, Mayor.

MAYOR CAVANAGH: Thank you, Senator.

Memo from Staff of Detroit Mayor Jerome P. Cavanagh about Zoning Problems and Practices in the Detroit Area Suburbs (See Query, page 24)

I. *Inter-community.*

1. Under Michigan law, a county coordinating zoning committee reviews township proposals for rezoning of land that abuts on another township. The review and recommendation of the committee is only advisory; the law has no teeth. Consequently, in too many cases, there are incompatible land uses on opposite sides of a township line.

2. There is no law governing the zoning of abutting land between townships and cities or villages. Hence harmonious zoning results only when two such units of government get together voluntarily and work out congenial zoning across jurisdictional lines.

3. Each unit of government has the option of zoning land in its flood plains to prevent loss of life and damage to property. While one unit of government may be alert to this need and adopt appropriate flood plain zoning, the next unit of government (upstream) may not do so. So the complexities of flood problems of the downstream community are augmented by the lack of controls upstream.

II. *Within a unit of government.*

1. Zoning changes are made that compromise or defeat the comprehensive plan, adopted by the unit of government, due to the pressure of developers upon local officials and the desire of local officials to maximize the tax base of the unit of government. This results in spot zoning and the intrusion of incompatible land uses in residential, industrial and commercial areas.

2. Local units of government are often puzzled in regard to residential zoning for multi-family structures. They need guidelines as to the proper balance in proportion of single- and multi-family units permitted. They are not aware of the impact of multiple structures on service facilities (water, sewer, streets, etc.) and on schools, shopping areas, and recreational areas.

3. In some of the older suburbs (where land use originally was not controlled by zoning laws), mixed land uses have developed that are both uneconomic and disorderly. The correction of these situations is difficult, and often takes a long time and a great deal of financing.

4. The impact of new highways (especially freeways) on existing land uses often is very upsetting. The uses of land at intersections frequently becomes an acute problem, especially where intersections are built in open country. Proper planning and zoning for the use of such land is essential, both from an economic and traffic standpoint.

5. Zoning land for park and open space uses is difficult under Michigan law and not effective without actual purchase of the land by the unit of government.

6. Zoning administration by the local unit of government seldom is in the hands of trained and experienced staff people. Zoning boards are not composed

of experts but of citizens, often easily subject to pressure by developers or by landowners who seek a zoning change to their own advantage, but to the community's deficit.

7. The congenital changing in membership on zoning boards, due to changes in elected and appointed officials, is a hazard to the achieving and maintenance of good zoning policies. Such changes often are reflected in different attitudes toward the "adopted" comprehensive plan of the governmental unit; some boards adhere to it closely, others are ready to push for its amendment so the proposed change in zoning can be made. In such situations, when zoning cases come to court, it is more likely that the finding will be for the landowner and his avowed stake rather than for the community and its interest in orderly development for the sake of the citizens of the unit of government.

Further Testimony on Housing Discrimination Practices, Prepared by
Richard V. Marks, Secretary-Director, Detroit Commission on Community
Relations (in response to queries beginning page 24)

QUESTION: "...in what specific ways do the suburbs tend to prevent Negro families, which can pay the price, from living there?"

ANSWER: The two most important factors which prevent or deter financially qualified Negroes from purchasing homes in all or predominantly white suburbs are:

1. Discriminatory practices of real estate brokers and white homeowners.
2. Threats and harassment by white homeowners which cause apprehension on the part of Negro home seekers.

The real estate market in the white suburbs of Detroit and in some areas within the city is virtually monopolized by white real estate brokers and the multiple listing organizations in which most of these brokers participate. In the suburbs there is no law which specifically requires real estate brokers to show homes to or transmit offers to purchase from minority group members. Most brokers, when questioned, reply that they personally would not discriminate against Negroes, but that demands placed upon them the homeowners require them to do so. They state that homeowner prejudice would make it financial suicide for them to sell to a Negro.

A second factor in the segregated living patterns of metropolitan Detroit is the fear and apprehensions which Negroes have about moving into "all-white areas." These fears are natural and well justified. Even though many "move-ins" are peaceful and the Negro family is accepted by the community, there have been incidents of violence and harassment. These violent incidents receive a great deal of publicity and tend to deter Negroes who might seek homes in white areas from doing so.

As mentioned above, there have been a number of incidents of violence and harassment in Detroit and its suburbs when Negro families have purchased homes in previously white areas. Attached to this memo is a report by the Director of Pontiac Regional Office of the Michigan Civil Rights Commission. The report describes the experiences of an inter-racial couple who moved into virtually all-white Warren, Michigan, a suburb of Detroit. Also attached is a recent news article pertaining to the highly segregated Northeast side of Detroit. These illustrations cannot be described as typical; however, they point out the fact that citizen threats and harassment are a deterrent in the free movement of Negro citizens.¹

QUESTION: "You mean the police would not protect them?"

ANSWER: Our Commission is not aware of any case in which suburban police have flatly refused to protect Negroes from harassment. However, the promptness and extent of police protection in the suburbs has in some cases been questionable. Some evidence of this is provided in the attached report describing the recent Warren incident. We believe that a lack of decisiveness and firmness on the part of some suburban police in protecting Negro residents is a very real problem.

¹ Documents in Commission files.

QUESTION: "Will the banks lend money for a mortgage on the house in the suburbs purchased by a Negro, or which a Negro wishes to purchase and which his income will permit him to purchase?"

ANSWER: It is the opinion of our Commission that there has not been enough challenge on the issue of discrimination by lending institutions to identify a pattern of such discrimination. There are a number of reasons why this type of discrimination is difficult to detect or to document:

1. In the greatest number of normal real estate transactions, mortgages are obtained for the purchasers through real estate brokers or a mortgage broker.

2. In the suburbs of Detroit Negroes meet discrimination at the level of the real estate broker. They rarely reach, through normal channels, the point in a transaction at which it is necessary to seek mortgage money.

3. Many purchases of homes in white suburban areas by Negroes are made either through a third party buyer or through an arrangement between seller and buyer that eliminates the possibility of discrimination by lending institutions.

Our Commission knows of only one recent case in which a Negro was unable to purchase a house in a suburban area because of racial discrimination on the part of a lending institution. In this instance a Negro real estate broker attempted to buy a home which was owned by a bank. The broker reported that when the bank realized that he was a Negro the price of the house went up several thousand dollars and a number of delaying tactics were used to prevent him from purchasing the home. This is merely an isolated case and it should not be construed as a general condemnation of the practices of lending institutions. However, this is not to say that discrimination by lending institutions has not existed in the past or does not exist today. It is the opinion of a number of real estate brokers, both Negro and white, whom we have contacted that some local lending institutions might discriminate if they perceived local pressures demanding that they do so. The brokers, however, feel that if the situation arose they would be able to obtain financing from another source.

In conclusion, our Commission believes that discrimination by lending institutions may exist to some degree but that it is not a key concern. The major obstacle to open housing in the suburbs is the discriminatory practices of real estate brokers and white home owners.

QUESTION: "What are the practices of the Federal Housing Administration on insuring mortgages on suburban housing which Negroes purchased?"

ANSWER: The Commission's information corroborates Mayor Cavanagh's statement that past practices of the FHA have "... helped to create the segregated housing patterns that exist in this country today ..." Examples of these practices were such things as model "restrictive covenants" included in FHA handbooks, the "red lining" of some residential areas as ineligible for insurance, and the financing of billions of dollars of housing since World War II which have not been available to non-white families. However, our Commission also agrees with Mayor Cavanagh that these practices are changing, both on the federal and local level. The primary need now is not to wipe out the overt discriminatory practices of the FHA but to see that FHA takes affirmative action to implement its recent policy changes which are aimed at desegregation.

Our Commission has not received any complaints against FHA for discriminating in the insuring of mortgages. We do not feel that our local office of the FHA would at this time engage in such a practice.

Further Testimony on Unions and Housing Costs, Prepared by Robert Kearns, Detroit Commissioners of Building and Safety Engineering (See Query, page 27).

I do not have any "evidence" for Senator Douglas to use regarding high labor costs created by the practices of the unions. However, I did talk to a plumbing contractor who is also a union official, and he thought that the general area of non-productivity is a sore point that Senator Douglas could probe. He indicated that as a contractor he feels lucky if he can get the men to be productive five out of the eight hours in a day. Another point that he mentioned is that there is

ing there for 10, sometimes 15 years. Again, you spoke of code enforcement, you spoke also of the housing situation as it stands today. In these blighted areas, while waiting for our city government to take these homes that they have said we will rebuild with public housing, they asked at one time that you do not make major repairs because you will not be reimbursed. The result, by the time that the bulldozer arrives, is not much left there except for a small shack. Many of these people are not financially able to invest even if the housing had been provided.

We are only a stone's throw away from the area that I am representing. You are familiar with the Lafayette Park, you are familiar with Elmwood Park, in which now is a part of our home. Then we move east inside of the Boulevard — and this could very well speak for the East Side and the West Side — it was 15 years, 16 or 17 years ago when we were led to believe the homes that would be built back here — multiple dwellings — would relocate some of these people. Today stands a beautiful community, Lafayette Park, Elmwood Park. These homes began at \$28,000 up to \$50,000. This says to the Negro who has been relocated, "We want you out of this city. It does not make any difference where you go."

This, of course, forced many of these people into the Twelfth Street area, into homes in which our esteemed Mayor spoke of as his neighborhood, where two families had lived. We do not hesitate to say eight families live there now. It brought a price with it. It brought vice, it brought dope, it brought second-rate education, it brought the easing of code enforcement, it brought the lack of health and recreational facilities, and so finally you know what happened in July. It exploded.

Enough about this and let's proceed. I will attempt to go over some of the presentation that we have prepared here.

At the end of June, 1967, a total of 2,818 families and some 3,470 individual persons had been relocated by the Detroit Housing Commission. This number does not count individuals or families displaced by expressways or other eminent domain procedures. It is significant that out of this large number of families and individuals, only 121 moved into public housing. The tremendous demand for the small supply of public housing makes this source inaccessible to thousands of families. During the first six months of 1967, some 1,400 families made application for public housing, while out of a total of 8,133 units, only 36 units were vacant as of July 1st. I might mention that these figures were before the increased demand for public housing created by the disturbances of July 23rd. Some 300 families were burned out of their homes during that disturbance. Fifty of these families were given priority for public housing and the availability of public housing for any other low-income families is practically nonexistent.

In contrast to the large number of families and individuals in the lower income brackets who were relocated, it must be stated that no low-income housing has been made available to them. Only one pro-

gram to my knowledge at best. The moderate income housing, 221(d)(3),¹ is presently under construction by the Plymouth Housing Corporation. However, tentative rents for the 221(d)(3)-financed apartments will range from \$96 for a one-bedroom unit to \$135 a month for a three-bedroom unit. This can hardly be called low-income housing.

Since no low-income housing has been made available as the result of urban renewal, the residents of urban renewal areas have suffered tremendous hardships. As I previously stated I live in Elmwood Park No. 3, where residents were told some 15 years ago that our area was to be taken for public action, at that time for public housing. Today we still stand there, perhaps through organization and through other groups and ministers. We asked two years ago that no more land in Elmwood No. 2 and No. 3 be acquired until some additional low-cost housing has been built back in the downtown area, so that these people being relocated from Elmwood No. 3 will have an opportunity of first priority to relocate back in this downtown area.

We have worked very hard and very long through the years for better schools. Now we have new schools in this area. The citizens have worked without pay, because having a decent community we feel is pay. Having quality education that will prepare our youngsters for tomorrow: this is pay. So, we were fortunate enough to stop the acquisition there with the cooperation from some of our city officials. Urban renewal will take our homes eventually. Entire sections of the Elmwood Park No. 3 are now a ghost town. When residents moved out, no new residents replaced them. Insurance, as the Mayor mentioned, is almost impossible to get in the central city. As owners of two cars last year, we paid \$512 for insurance and we were very fortunate to get this. Many people in that area cannot even secure insurance today—not only in Elmwood No. 3 but nowhere throughout the central city.

It is certainly said, and I am voicing the opinions of the people we hear and speak to throughout this community, that not only the insurance is controlled but almost your life is controlled, to try and exist there. By the time the actual land acquisition takes place the real property value of these houses for which they will be reimbursed is only a fraction of the previous value because we have made no major repairs. We have allowed our property to completely deteriorate because we are going to move, according to the rumors, within the next few weeks.

I'd like to say also that within the past two years our organization and many other people have come again and again to our city government and asked that since they are the property owners they have a right to be informed before the newspapers and the other news media are informed that this is an urban renewal area; because what we have experienced, apart from hardship, has been the dumping from the suburbs, the dumping from all over the city, of garbage within our community, and all kinds of undesirable people coming into the

¹ See page 10.

area. Our Zoning Appeal Board admits this. Whenever an urban renewal area has been declared, it is said that everyone will benefit in this community by lending their support — but all kinds of undesirable businesses come in, such as tourist houses, more service stations, and what we call the expanding of small businesses — and this means parking lots — and the human aspect of life is completely omitted. This again contributes to the July 23rd, along with many of our other programs which we have in the city that have not reached the hard core and the people because someone is saying to city government what they think the city government wants to hear. What about the man in the streets? Those of us caught between are frightened to death today because we too try to understand and to communicate with this man on the street and tell him that the government is trying to help. But he has been led too long to believe the government is trying, and today he does not listen.

I realize the time is getting late and I could go on for the rest of the week, but I will not. There should be some social aid made available to homemaking improvement services within the central city. The availability of FHA funds sometimes varies, obviously with racial overtones, which the Mayor stated. This has been an obvious handicap for many of the people within our city. True, FHA is supposed to be a program for the poor people. At least it is supposed to be. It has basically benefited the middle-income residents on the outskirts of Detroit and the suburban areas, but not within the central city, where we live and are residents.

Large amounts of public housing should be made available. However, public housing should be of decent architectural design. And here I would like to pause to say our organization has been, for at least the last five or six years, on the Lower East Side of Detroit, attempting to acquire land back in this area to build 221(d)(3) homes and 220.¹ We had hoped that we would be able to secure rent subsidies or some other form of subsidy so that people may live in dignity and live to be proud of their community, and, of course, we have come up against some red tape and obstacles.

People Want to Help Plan Neighborhood Renewal

As of today we think that we are waiting for the final acquisition of this land. It is true that we have talked with the Metropolitan Citizens Authority, which the Mayor has spoke of, but I'd like to point out for the record that we are not interested in being controlled any longer. We want to control our own communities and I'm not talking about any Black Power. I am talking about Negro and white citizens working together and living together if we are going to survive any civilization.

¹ Mortgage insurance for new and rehabilitated homes and rental housing in urban renewal areas.

I am talking about being able to develop a community and plan it. We realized that in this development we are attempting to build we did not have the technical know-how, the technology, nor the professional know-how; so we went out and attempted to acquire the people that did have the know-how. We have even ran into obstacles there.

So again I would like to repeat, we are interested in building and living together, but we are not interested in being controlled.

Finally I would like to say that as a part of the urban renewal program and public housing, increased emphasis should be given to social services, home management, and so forth. Since public housing has become increasingly a depository for multi-problem families we can no longer pretend that these people are nobly poor. These families need help with a multiplicity of problems.

Social services and home management services during the relocation process are desperately needed to prevent such things as encouraging these families with poor home management practices from bringing their problems with them from other locations within the city, moving into a decent community, good housing. Unless we have good management services and counseling services to work with some of these people, they carry the same problems with them, and preventing this is one of the things that we have advocated time and time and again on some of our committees. If some of our funds could be channeled in the direction of professional people to work with many of these people moving into other areas, then some of this stigma may disappear.

While immediate steps have been taken to humanize urban renewal — and we did state that it has eased up somewhat — while immediate steps have been taken to humanize urban renewal and to find increased sources of financing low-income housing for inner-city residents, there is also an urgent need to experiment and demonstrate new approaches in construction. New techniques should be introduced to decrease the actual cost of construction. And I believe our Mayor did elaborate on this.

For instance, it must be possible to develop a system of quality purchasing of equipment and materials for new housing which would create savings which then could be passed on to the inner-city residents. Experimenting with labor-saving techniques — it is desperately necessary to make it possible for families of low income to benefit.

An increased consumers' market of low-income housing would be of tremendous benefit to this Nation's economy — I should have said within our city, because this is what I am concerned with. I think I will leave our Nation to our Mayor and the rest of the people that have to work with the Nation because we are a bit selfish here in Detroit. We are looking at our own problems.

The past summer in Detroit has definitely indicated our needs as spelled out. And to wipe out the injustice of our present inadequate housing in the urban renewal system should not be a long-range goal but should be done immediately.

Again I would like to thank you for giving us this opportunity to air some of our problems with you. I realize that all of the things I said are not on my paper but here is the truth, and here are some of the problems that confront our community and our people.

MR. DOUGLAS: Thank you very much, Mrs. Myers, for your statement.

We've asked the Mayor of Southfield, Mayor S. James Clarkson,¹ to come. We've heard a great deal about his work, his ideas on taxation, and other matters.

Then after he is finished we will have questioning of both witnesses. We are very happy to have you, Mayor Clarkson.

STATEMENT BY MAYOR CLARKSON

MAYOR CLARKSON: Thank you very much.

MR. DOUGLAS: Incidentally, I'm delighted to see you received the Silver Star during World War II. That's a decoration that is seldom, if ever, compromised and is given for heroic achievement in combat.

I want to say we appreciate your being here very much.

MAYOR CLARKSON: It seems like a long time ago.

Senator Douglas and members of this Commission, it used to be that we talked about taxes for purposes of obtaining revenue to operate a government. Recently, however, more and more we who are in politics have learned to use taxes for purposes of economic results. I think every day when you take up the newspaper there's some comment: Should we have an additional surtax on the income tax to defeat inflation? What should we do to soften the economy when we are in a war with Vietnam that costs so much money? And all of these things that are frequently batted around by the different economists.

Tax Property for Economic Results

This is also true, I think, when we come to local government. It is not only on the Federal level that taxes are important but locally as well to bring about an economic result. It is not new for those of us who have studied land value taxation to now just recently read in so many periodicals the advocacy of this streamlining of the property tax. The property tax probably has fallen into the lowest esteem. Its ill repute is basically caused from our failure in local government to properly administer it.

To begin with, the property tax as it is presently applied is a cross-section tax. It applies to personal property, it applies to buildings,

¹ Attorney-at-law, serving fourth term as Mayor. Former member of Michigan House of Representatives, Michigan Water Safety Study Commission, Southfield Board of Health. Former Chairman, State Land Value Taxation Legislative Committee.

and it applies to land value. Therein lies the crux of some of the difficulty in the failure of the property tax to be understood clearly and thereby remedied.

I ran for the Council of the City of Detroit — I'm a native D  troiter — and on those two occasions, and now as then, my program has always been based on land value taxation. At that time they were studying the Dodge Report. The Dodge Report pointed out what the City of Detroit was doing in relationship to personal property taxes and how high they were. It was interesting to note that the taxes on land value were nil, next to nil. They were using the depression figures, and it hasn't been till recently that they have been able to change this trend.

But, in changing the trend they have somehow or other lost sight of the value of the property tax. For example, when the new Constitution was adopted here in Michigan they limited the property tax to 50 percent of market. They did this in an attempt to somehow or other regulate the abuses by the city in using the personal property tax as its major source of revenue. Now, why did we use the personal property tax? It was easily collected. You send out a statement the same as you would an income tax return and the taxpayer would fill it out and automatically every year you added it up and collected it, and almost always at more than market value — 100 percent and over.

When I became Mayor of Southfield close to seven years ago I investigated this particular matter again, as I did in Detroit. And sure enough we were taxing personal property up at around 100 percent and over market. We were taxing buildings valued at about 75 and 80 percent, and land values we were taxing at 10 and 5 percent. Now, this abuse caused much of our land to become inflated in value, and as it became more and more inflated the less opportunity would there be for the development of the land by those who were coming into our community to live. It was immediately apparent to myself that we had to reappraise the land values, which we did. There were illustrations, many of them similar to this one: land that had sold for as much as \$300,000 being appraised at only \$75,000 on our books. Immediately, upon a reevaluation program on the land value, we became subject to many lawsuits by the large landowners in our community.

One of the primary problems we had was in explaining to our community that by raising land values, by raising the assessments on their land values, they could reduce their taxes. Now, this sounds a little ambiguous yet we proved it to them — that the underevaluation of our land in those areas bordered by Northland and along the Northwestern corridor — referred to as our "money tree" in Southfield — they were not paying the fair share of their land values. And thus the citizens joined together in a taxpayers' suit — the only one I know of in the United States — to actually increase the assessments on their own land, because they knew by doing so and equating it across the city, sufficient revenue was raised to reduce the taxes on their homes.

Now, we come to the crux of the problem in front of you. I have a recent edition of *Newsweek*, August 21, 1967, with an article by Raymond Moley, where he refers to some of the work of the Congress and the Senate and the study committees coming into the different cities trying to find out how we can solve these urban ills of blight, etcetera, that have been testified to previously. And in it he says, "My files are crammed with this stuff." And he is referring to past studies. One of them is the study that I gave to all of the Commission members, published by the National League of Cities, on the property tax.¹ And in it they have told more eloquently than I could if I talked all morning how we can help slums to be eradicated by a proper tax system. And in Raymond Moley's article, he talks about taxing slum land. This is the only way I know of that the tax system can go and work hand in hand with what you are doing with your Federal subsidies.

I remember in 1964, the introduction of a resolution to the U. S. Conference of Mayors which read as follows:

Whereas property taxation is always of importance to cities, and
Whereas property taxes have in some areas fallen into ill repute because of improper application, and

Whereas land value taxation legislation is being studied in the states of Michigan, California, New York and Alaska as a step towards more modern application of property taxation, and

Whereas the State of Hawaii has recently adopted a Land Value Taxation Bill, following in the footsteps of the State of Pennsylvania, and

Whereas the application of urban renewal and the eradication of slums in the cities of the United States is in need of modern methods to carry out this result, and the application of land value taxation to the exclusion of taxes on improvements being such a valuable tool,

Now, therefore be it resolved that the United States Conference of Mayors go on record as supporting a staff study of the principles of land value taxation in the various states of our Union.

This was unanimously adopted in 1964. The study was completed, and just recently I received a letter from the U. S. Conference of Mayors that they have exhausted all of the printed copies of that study because there's such a great demand to know more about land value taxation.

Results of Land Value Tax in One Town

In Southfield it has been, I think, our secret talisman, because it has created in our community some of the most beautiful buildings built recently in the Detroit area. I think you will see now why of the top 20 taxpayers in our community, two are landowners only. They own no buildings. We are thereby proving that we don't tax these land values high enough. And I can show you vacant land on Northwestern that doesn't even have a For Sale sign on it. Some of this land is assessed over a million dollars a parcel and yet, because of underassessment, it is not made available for development.

¹"Are Property Taxes Obsolete?" *Nation's Cities*, March 1965. National League of Cities, Washington, D.C.

As an analogy, there is no difference between Southfield and Detroit. The land that Mrs. Myers refers to is not poor land. It is rich land. The land that was down here and held by the absentee landlord was receiving \$75 a month and upward of rent. But, what they had done by the system here — not only here but everywhere where I have made an extensive study — they have subsidized the absentee landlord rather than the homeowner. As a result of our present property tax structure, if a person came along and painted his house or improved it with copper plumbing or added any improvements of such a nature that it increased the value, they were penalized. Now Detroit, in an attempt to stop that, through the Mayor's Citizen Committee did put out a brochure that exempted from the property tax certain improvements that could be made by the citizens of Detroit without an increase in their assessments.

I followed in suit this same program in Southfield but went further by excluding as well sprinkler systems — not only on our golf courses but on everybody's lawn or any business lawn. Why should you tax anybody for green grass? Aluminum siding — these are things we excluded — right off the tax rolls. In the meantime I have hired an assessor from California who had a desire to go to the Legislature and change the system as it now exists, to allow us to use different rates of taxation.

Now, they always talk about tax reform and the right of cities to have home rule in the adoption of the tax structure that would best suit them. But the Michigan Legislature has continually failed to supply us with the enabling tools to do it with. They will say yes, you can have an income tax, you can have these other taxes that you can use; and we say we want the right to differentiate between improvements and land value. We need this legislation.

When I was in the Legislature as part of a study committee, this committee made such a report to the Legislature — that we needed it. The bill has been introduced every year since I was up there in '58, '59, and has never got out of committee. But, because of the fact the income tax is so popular an item, so much easier an item to collect, we have been inclined to use this as our source of revenue to operate our communities, and as a result we have caused chaos in areas. For example, why do some of the businesses come out to Southfield as Mayor Cavanagh has alluded to? It is not hard to realize that a businessman who can live and operate his business in Southfield without having to pay a tax there on his income is going to locate there. Suffice it to say, when you have a state income tax, a Federal income tax and then the imposition of a city income tax as well, it is just too much.

Now, how do we offset this lack of a city income tax in Southfield to enable us to have the revenue necessary to operate? Land is a unique thing. There's only so much of it. You can't create any more. So, the law of supply and demand does not operate as it applies to land in the sense that you can increase the supply like you can manufacture more automobiles or products. Land gets scarcer and scarcer,

and the landowners know it. I sit at lunch with speculators almost every day. I'm an attorney. I represent them. I know how much money they can make in the speculation, and the values they receive that the economists refer to as the unearned increment. Congress knows about it, I know the President knows about it, studies have been made — but no one seems to do anything about it.

But in Southfield we are doing something about it. We are taxing land values as a priority. We are stretching the law as far as we can to make sure that the first things that are taxed are the land; the second, the buildings; and last, the personal property. Some day we hope to eliminate these last two through proper state legislation. That's why Southfield is developing, as you see it today — by taxing this monopoly, this God-given monopoly. The result has been to put this land into use and make it available for the people — not only for businesses but for homes. And as we have done this more people want to locate in Southfield.

In Southfield we have no public relations system, yet McDonald Travel came over from Chicago — where they were wine and dined by Chicago — to locate in Southfield because we didn't have a city income tax. These are the things that should be told. And I might also point out that in alluding to the suburban area it is not a community of solely white residents. There are Negroes that live in Pontiac, which is a suburban community to this area, and they have the same problems that Detroit has. We have a Negro community in Royal Oak Township that is a suburb with the same problems Detroit has with slum land. You can find slum land in any city, whether it is inhabited by Negro, white, or a combination thereof. The problem isn't in the composition of the race or the religion or the nationality. The problem is in the proper tax structure. I am not the only one who has said this. I know that. May I refer you to the August issue of 1960 *House and Home* — probably the greatest treatise on land value and land value taxation that was ever printed — which is why it is important for every member of Congress to get a copy and to read it. *Time* and *Life* magazines have brought this to our attention. All I am doing here today, Senator, is telling you our story of Southfield as it relates to taxes, and how we can help solve maybe — just maybe — some of the social problems Mrs. Myers referred to.

MR. DOUGLAS: Thank you very much. Your eulogy of *House and Home* makes me realize our first questioner should be the present editor of *House and Home*, Mr. O'Neill.

QUESTIONS BY COMMISSION MEMBERS

MR. O'NEILL: Mayor Clarkson, does the Michigan State Constitution call for the assessment of rural property at 100 percent of market value?

MAYOR CLARKSON: 50 percent of market value.

MR. O'NEILL: *In your constitution?*

MAYOR CLARKSON: Yes, under the new constitution it was changed. The previous constitution said actual cash value, which was defined by the Legislature as 100 percent of market. But, no one ever followed it. It was something similar to the California debacle, where the Supreme Court ruled that because we haven't followed it for 50 years we can't follow it now. I think you may remember that case that was handed down?

MR. O'NEILL: *Yes, but Michigan did change its constitution?*

MAYOR CLARKSON: Yes. In other words they did by constitutional revision what could have been done by court mandate: assess at market. But, rather than using 100 percent they used 50 percent of market.

MR. O'NEILL: *For all real property?*

MAYOR CLARKSON: For all — land, personal and improved. All three are classified generically under the term property, which is unfortunate.

MR. O'NEILL: *Now, in Southfield does your assessment office, when they are figuring out the assessments — first they figure the land and they put that in at how much of market value? 100 percent?*

MAYOR CLARKSON: We appraise it at 100 percent of market, and assess it at 50 percent.

MR. O'NEILL: *I see. And how do you appraise the improvement or new construction?*

MAYOR CLARKSON: The same way. Only we take a depreciation first off, right off the bat: 2 or 3 percent for error in computing the construction cost or the market value. In other words, we come down about 2 or 3 percent; then we apply a depreciation schedule as the house becomes older to lower the amount of the assessment against that home. It is an indirect way of doing something that could better be done by different ways.

MR. O'NEILL: *When you arrive at the appraisal figure, in figuring the cost of construction and then taking out the depreciation factor, at what level do you assess that?*

MAYOR CLARKSON: At 50 percent.

MR. O'NEILL: *At 50 percent, like the land?*

MAYOR CLARKSON: Just like the land. This is required by the law.

MR. O'NEILL: *Well — would you describe this as a technique of land value taxation?*

MAYOR CLARKSON: Yes, it is a backdoor technique, because you see we emphasize the taxation of land values and the —

MR. O'NEILL: *But you are putting them both in equally, the land and the improvement.*

MAYOR CLARKSON: But we appraise the one lower.

MR. O'NEILL: *You appraise the improvement lower?*

MAYOR CLARKSON: Yes, because we are depreciating that.

MR. O'NEILL: *You are depreciating the improvement?*

MAYOR CLARKSON: Right.

MR. O'NEILL: *That's actually standard practice anyplace, allowing depreciation on improvement. What I am getting at is —*

MAYOR CLARKSON: Standard practice, but never applied.

MR. O'NEILL: *I know that — never applied. All I am getting at is I think you have an equitable form of real property taxation, and I wouldn't call it land value taxation. I would say you are playing the game according to the rules whereas most cities don't.*

Land Value Taxation Applicable to All Cities

MAYOR CLARKSON: Well, what's in a name — as Shakespeare said? We have land value taxation all across the country. It is only a matter of degree. Let's put it this way to rephrase it: in Southfield we have a greater degree of land value taxation.

MR. O'NEILL: *Than other cities?*

MAYOR CLARKSON: Than other cities. Yes.

MR. O'NEILL: *Because you are playing the game according to the rules.*

MAYOR CLARKSON: But let's put it this way: we can only stretch the law so far. I mean, we stretch it in the area of personal property all the way across the state of Michigan. For example, outside of East Detroit and parts of Detroit no assessor goes into the home and assesses the personal property of the homeowner. We only have a \$5,000 exemption on the books as far as personal property is concerned. This law is never followed. It is not adhered to at all by any of our cities in Michigan. It is a law that is openly violated. It should be repealed like Prohibition was repealed. In other words, it is always interesting to note the devices you can use to carry out what is a natural and a better way of trying to improve your community. But it can be used the other way, as in Detroit, where they are emphasizing personal property. And then if the Equalization Board comes in, and finds out that land is at such a low level, or building, and applies an equalization factor, they compound the error in assessment when they multiply it times the equalization factor, causing this extreme assessment of personal property. You see the danger that lies there.

Well, in our city, when they put in that equalization factor they compound what? The increased emphasis on land value, which I feel is healthy for our city. The proof of the pudding is in the eating.

I want everyone of you to visit our city and if you haven't got a luncheon engagement today I will take you out to lunch out there, all of you. I want to show you Southfield. I am proud of that community.

MR. O'NEILL: *I wanted to make the point that, number one, I think your taxation of real property is as real property should be taxed, and I wouldn't call it land value. You are just being reasonable as to market value of the property, whether improved or unimproved. All tax studies to date show the greater the disparity between the appraisal and the assessment, the greater the opportunity for people some place in the administration to fudge in favor of their own friends or whatever.*

MAYOR CLARKSON: No doubt about it. That's why we adhere to the 50 percent of market.

MR. O'NEILL: *Too bad you can't adhere to 100 percent.*

MAYOR CLARKSON: Yes, they changed it constitutionally. We can't do that now. I think this is a big mistake. You see, the property tax has been used to operate our educational system; and then you have the problem of the retirees and those who are senior citizens who are now burdened with large school taxes. Actually, the solution could well have been to put some of that on the income tax, because the property tax by itself is more than ample to run any city. It reflects, by the way, the services that your city gives to its citizens in police and fire and roads, and so forth.

MR. O'NEILL: *Thank you very much.*

MR. DEGROVE: *Mayor, I was very interested in hearing your testimony. I certainly agree with you about the impossibility of imposing a personal property tax. I'm happy to say in Florida this last year we finally gave it up — the \$1,000 exemption. For years I didn't know anybody ever paid anything in personal property tax. Then I ran across a poor Yankee who had come down and somebody didn't tell him, apparently, that you are just supposed to say whatever you have is worth \$1,000; that was a common practice by everybody I know in the state. And lo and behold, he was paying what he really thought his personal property was worth. The thing varied so from county to county — this personal property tax — it was just a disgrace and they finally gave it up.*

With real property, on the other hand, we in Florida were not like Michigan but went the other way. Our State Supreme Court ruled that the constitutional provision for assessment at 100 percent, in spite of years and decades of not applying it, had to be enforced, and it has been enforced. For the first time in Florida we are assessing pretty much uniformly now in all counties at 100 percent.

MAYOR CLARKSON: You should be commended.

MR. DEGROVE: *Yes, I think so too. It has been rather traumatic in some cases. But I think it has really revealed to us what a properly administered property tax can mean to local government. The property tax has been written off, in my judgment, much too quickly as a totally inadequate source of income. But this has been on the basis of improper and inadequate administration rather than the fact it is inherently a bad tax.*

Well, having made that little speech — I think the Chairman will agree I do that very often — I will ask you a little about Southfield. You are obviously enthusiastic about it. Now, what is the population of your community?

MAYOR CLARKSON: Approximately 70,000.

MR. DEGROVE: *And you think of yourself as a suburb of Detroit? I'm not familiar with the geography.*

MAYOR CLARKSON: We used to, but we don't anymore, because we have within our borders one of the largest interchanges in area in the world — some 313 acres devoted to an interchange which, by the way, has increased land values fantastically. The loss of the land and its

value are negligible compared to the value you recoup as it affects the adjoining land, the contiguous land. So, in fact, we are a sub-core city.

MR. DEGROVE: *I see.*

MAYOR CLARKSON: And I would say that, while we are suburban to Detroit, we are as much a part of Detroit and its economics and our own economics so that we could be classified as a sub-core city.

MR. DEGROVE: *You do have Negro neighborhoods in your community?*

MAYOR CLARKSON: We do not. We have Negro families. We have about five Negro families. Now these Negro families are primarily well-to-do families. I once got a questionnaire from the government asking how many were Negro in our city. But they forgot to tell me how you determine that anymore today. It is sometimes difficult because, as you know and I know, everybody cannot be classified by color. They wanted to know how many were what color. I was shocked that Washington would ask that question, because I don't know how to answer it.

I will frankly admit that we have property in our city that is slum property for \$6,000. It is quite available, but no Negro family has felt interested in buying. We had one move in and one move out because they can go down to maybe Seven Mile and Livernois and buy much nicer homes at a lot less price, and that is some of the reason.

I'm not saying there isn't some discrimination. I think discrimination will be with us forever, but the situation is not all bad. The people in suburbs are not all as bad as some of those in the core cities would want to make us out to be.

MR. DEGROVE: *You would say in your community—at least in certain areas—Negroes are free to buy homes if they wish to?*

MAYOR CLARKSON: Oh, no doubt about it.

MR. DEGROVE: *One other question. Now, I'd like to hear your assessment, as mayor of a sub-core city in the Detroit metropolitan area, as to the role of this Council of Governments—the voluntary Council of Governments—that was mentioned a little earlier. Do you see this as being something useful and practical for the Detroit metropolitan area?*

Disadvantage of Part-Time Mayors

MAYOR CLARKSON: Well, before that can be really practical and alleviate problems, you have to have full-time government. If there's one thing that ever appalled this mayor it was to find, in all of my associations with the U. S. Conference of Mayors and the National League of Cities, that there are so many part-time politicians that—a speaker in one session of the U. S. Conference of Mayors called them “Queen for a Day.”

In California you've got mayors that from one week to the next can be removed from office at the whim of their council. And in many states you have laws that prohibit the mayor—for example, no mayor in Arkansas can receive a salary over \$5,000. It is the maximum

that they can get, and most of your mayors work for next to nothing. I'm not in that category, however. I will say this, that before the Council of Governments can work it must be manned by full-time politicians. The people are being shortchanged by voting for the hobbyists who decide it is time to give some of their life to the dedication of their community. These people are inclined to become very emotional in the debates that you have at a council table. They are inclined to be away when important decisions are being made.

You all may be familiar with the impasse we have had on Route 696. The Governor called a meeting in the city hall of the City of Southfield. We were all in attendance but for one of the critical communities that sits within our city — a city within a city. The Mayor was in Indiana and two councilmen were missing. They didn't even have a quorum. We couldn't conduct business. Now, this is not good for our community. Many people will be using Route 696 all over the southeastern part of Michigan.

So, then they came along with the Council of Governments. Its philosophy is good and I favored it because I thought it was the one way we could take in all of these small communities, like some in Oakland County, half a square mile in size. We have chiefs of police in a myriad of communities all making \$10,000, when you could have maybe one good one and pay him maybe \$30,- \$40,- \$50,000.

But I would rather see metropolitan government. I've been an advocate of metropolitan government because then the people's elected officials attend the council. Under the present structure of the Council of Governments they have taken six counties here in Michigan, a gigantic area — over 400 political subdivisions — and then imposed upon that council 35 who are members of an executive committee, who have plenary power, who are not necessarily elected officials at all, to operate the Council. It will never work, gentlemen. But, if they take it on a smaller size — Wayne, Oakland and Macomb, say three counties where we have many common interests, like water, expressway systems, and police and fire — then I think it could operate, providing each political subdivision has a vote. Then we can take it to the Legislature to provide for enabling legislation so we wouldn't have this impasse on 696.

Does that answer your question?

MR. DEGROVE: *Yes, there are some very interesting points of views.*

MAYOR CLARKSON: It is hard to answer some of these questions in short order.

MR. DEGROVE: *I understand that.*

MR. DOUGLAS: Mr. Ravitch?

MR. RAVITCH: *Mrs. Myers, I thank you for your testimony. What you expressed were views of yourself and your community. They are not dissimilar to views we have heard from citizens in other cities that we have visited. It raises a number of questions in our mind which we are quite interested in and which I would like to pursue with you, if I may.*

MRS. MYERS: Yes.

MR. RAVITCH: *You apparently expressed a desire for increased public housing. Is there any feeling in your community that people don't want to live in public housing — that somehow living in public housing stigmatizes the low-income family?*

MRS. MYERS: Let me mention the kind of experiences we have had here. You may be familiar with the old Brewster-Douglas project here within Detroit. It is a typical ghetto of governmental projects. They are often referred to as yak-yak boxes. And then again, the Jefferson projects: they are all just stacked on each other and the very glance of it says the poor and deprived people are here.

We in the City of Detroit — the people that I represent and talk to — we are not interested in this kind of housing. We are interested in the kind of community that we are attempting to plan now and develop that will look just about like our Lafayette Park. We are concerned with the recreational facilities. We are concerned with parks and what have you around there — shopping centers and these kind of things. We don't want to build in a ghetto. We want it here, convenient. If there are senior citizens, families and what have you, they can go out. We'd like day-care services. As we mentioned before we do have adequate school buildings. We are right downtown where many of our cultural centers are located, which would be in easy access to the people that live in these communities.

And the strong feeling is at the moment, sir, that well, there is just no place for the poor downtown. We are going to bring back, and I think the Mayor stated, emphasis has been for years to attract people back — wealthy, of influence — from the suburbs and other places back to this inter-city.

Ghetto Need Not Be Dispersed

MR. RAVITCH: *I agree with what you say about the recreational areas and education. I don't think anyone can argue that with you.*

But, with respect to the location for the construction of new low-income housing, do you feel it is more important to rebuild the present slum or ghetto areas, or is it more important to disperse the people now living in the ghetto throughout the whole city, and build low-income housing throughout the whole city?

MRS. MYERS: Sir, I would like to answer that dispersement has already taken place. Now we would like to build something for those persons that have been dispersed. I know you asked me what I feel, but I am telling you what has been done.

MR. RAVITCH: *Well, I am interested in your opinion on which priority is more important, because there are very strong views held. We have had testimony in other cities from people who have said dispersal in the ghetto is unimportant, we should make the ghetto a better place to live in; Negroes only want to live with Negroes. I'm interested in finding out what the view is of your community. Should the goal be to provide racially integrated living at a low economic level throughout the whole city?*

MRS. MYERS: This is what we have attempted to do in planning the housing development, sir, that we are now involved in. People whom I have spoke with throughout the city and listened to throughout the years have never said pro or con, "We want to move into an all-white neighborhood," or "We want to get out of this ghetto." Their concern has been with decent housing because they have felt as I feel, once you have decent housing, education and recreation, then you will fall into pattern.

So, this is our concern now: decent housing for all people. Not necessarily new — if we can rehash some of this, and this is what we have recommended; in some of the older communities, if these homes can be rehabilitated the people are willing to remain within their homes. But, I have not heard anyone say well, you know, just disperse the ghetto and let's race to the suburbs or race to the white communities. Our concern has been with decent housing for those people there, whether they were Negro, white or what have you. And we do have whites, in spite of this ghetto we talk about. It is not all-Negro.

MR. RAVITCH: *Mrs. Myers, do you feel that the views of the community have adequate means of expression? Are there sufficient channels of communication to the Federal and state and city governments that are making decisions?*

MRS. MYERS: I would say, sir, for the last six or eight months or year, and now particularly since July 23rd, all doors have been open. Heretofore it has not been so easy for many of the people and organizations such as our own. Some of the others around the city have not found the doors closed within the last five or six years. But we had to work our way into those doors and it was not always an easy task because sometimes we found ourselves going to Washington to get information that was not here in the city. Once they learned that we were not so — as I stated before — so sophisticated as to go through the power structure here, but started to go over them because we did not know any different, they began to cooperate with us.

MR. RAVITCH: *Mr. Bayard Rustin testified before this Commission a few weeks ago and said that he felt probably the cause of the riots had more to do with economics than it had to do with race. Would you agree with that statement?*

MRS. MYERS: I would. And let me say, sir, I bring to the thinking of this commission the Young Womens Christian Association of our city and state, from the metropolitan board meeting yesterday: This was definitely not a race riot. This was an economic riot, a riot of lack of communication of our programs that we have so beautifully outlined on many of our papers, which have not reached the hard core of the community where they need to be reached. It was definitely not race involved in my opinion.

MR. RAVITCH: *Thank you, Mrs. Myers.*

One quick question for you, Mayor Clarkson. Do you think that Federal anti-discriminatory legislation in the housing field is important?

Segregation, Poverty, and Subsidies

MAYOR CLARKSON: I'm inclined to agree that you cannot legislate discrimination. The answer is — I concur with Mrs. Myers. I think that is just as I analyzed the situation from a suburban point of view. None of our citizens are anxious to go down and cause any problems like the race riot of '43 or '42. I think the answer is economics. When the Federal Government writes in these anti-discrimination provisions, that doesn't solve the problem, because it is the same builder that is looking for the profit from the Federal subsidy, it is the same landowner that is going to make the millions you are giving. In the rent subsidy bill, are you subsidizing the landowner, or are you subsidizing the victim that has to live in these homes?

MR. RAVITCH: *Victims?*

MAYOR CLARKSON: For example, rent subsidies theoretically are to get more low-income housing for people, aren't they? Why don't you give these people a chance to build their own homes through an FHA program that she [Mrs. Myers] referred to as not properly administered? Let them go out and buy property and own it themselves rather than subsidize an absentee landlord, to collect his rent. It is like a welfare program.

MR. RAVITCH: *I think that clouds the issue, Mayor, because first of all, the question is whether people can afford it; and second of all, there's no question that homeownership is desirable, but it is not possible in all cases.*

Would you advocate construction of low-income housing in your community, in your city, either through the public housing program or rent-supplement housing?

MAYOR CLARKSON: Let me put it to you this way: I believe in freedom. If there is sufficient land available, nature will take its course and people will build their own homes there. That's the way we've found it. But, you've got to give them the economic wherewithal to do it. When you've got money you can build anywhere.

MR. RAVITCH: *Are you therefore saying that only the people with money can build in a city like yours? I don't mean to pick on your community.*

MAYOR CLARKSON: That's correct. If you don't have the wherewithal you can't build anywhere. This is sometimes the problem with urban renewal. They will try to take a high-valued piece of real estate and put it into single family-dwelling units or something other than its highest and best use. This is an attempt to make water run uphill and it causes more problems than it will create benefits. You should make sure that private enterprise is given the wherewithal to build these homes and these residential structures in areas where the land is best suited for their location.

MR. RAVITCH: *You don't believe any of the Federal subsidy programs that break down the cost of the housing to the community — whether they be single-family homes or multi-family residences — none*

of these programs should be used in the suburbs — is that what you are saying — because the land will support a higher and better use?

MAYOR CLARKSON: No, I should say that they should go hand-in-hand with proper administration of tax policies, to make sure there isn't any artificial inflation involved where your cost is increased because you can't get land. Every builders' magazine, such as the *Architectural Forum*, relates to this.

When I sit down with some of the men in our city, and the Congress just votes a higher debt ceiling, they automatically say, "Well, that just increased the price of my land." When you vote for anything that makes more money available, it creates a greater demand for the land and the landowners just increase their value.

I always hear everybody in Congress talk about inflation in wages when the worker gets more money, or about inflation in capital when they get more interest. Nobody says anything about the inflation of the price of land. And the ironic thing is, when we talk about land, they haven't improved it one bit. It is the same land. It is the same land that was there when the world was created.

MR. RAVITCH: *I don't mean —*

MAYOR CLARKSON: You asked this question, and I am not begging the question. You asked this question: Can Federal programs alleviate some of these ills of the poverty-stricken and slum areas in our community. Yes, they can alleviate but it is like any other kind of nostrum — it doesn't cure it. You must insist that in these communities you go into the proper tax policies are also followed. It must go hand-in-hand.

MR. RAVITCH: *My question isn't directed to the tax policies. My question is whether there isn't perhaps a social objective that is more important than the economic objective of putting land to its highest and best use, which I think is the thrust of your tax policies — which are commendable, within the context of your city. But, my question is, would you advocate that some of these new programs we have for building low-income housing be applied in the suburban areas as well as in the central cities?*

MAYOR CLARKSON: I think that they will be if that's the natural location of the person that wants to build them. I don't follow your question. In other words, I don't see how your low-income housing has anything to do with location.

MR. RAVITCH: *If a builder in your city owned land and proposed to build on that property a garden apartment development financed under a new Federal program that would bring the rents way down — to \$70 or \$60 a month for two-bedroom apartments — would your community support the construction of that type of housing?*

MAYOR CLARKSON: No, because if you are saying that the rents would have to be way down and thereby inhibit the city from levying the natural tax on the land values because of the fact the rent was low, we couldn't accept that. Because in effect you are depleting our tax base.

MR. RAVITCH: *You are also depleting the amount of land available for people of low income to live on.*

MAYOR CLARKSON: But, you see, you are artificially then trying to depress the value of that land by saying the rent on this land is only worth so much.

MR. RAVITCH: *I'm just wondering whether people are a little more important than land.*

MAYOR CLARKSON: People and land go hand-in-hand, that's the problem. If you can put the people on the land, you've solved it. That's how you make people more important — make land available to them.

MR. RAVITCH: *Thank you, I think I took more time than I was supposed to, Mr. Chairman.*

MR. DOUGLAS: Mr. Vandergriff?

MR. VANDERGRIFF: *Thank you. Mrs. Myers, I hope I can be understood on this question. It is asked out of a complete sense of dedication to equality. I think that your statement that all doors have been opened since July 23rd is commendable. And yet I know you would probably be quick to agree it is a tragic price to pay for all the doors to be opened.*

MRS. MYERS: This is correct.

Communication within the Negro Society

MR. VANDERGRIFF: *Now, obviously, white America — if I may use that term and I don't really like to, but I will, to be perfectly frank and come to the point I have in mind — obviously, white America must do so much soul-searching. Yet I have heard from afar through the years that there has been and is more outstanding Negro leadership in Detroit than in any other city of major proportions in the country. Now, you stated that perhaps there hadn't been communication to the men in the street, so to speak, about some of the programs. With this outstanding Negro leadership that is evidently here in Detroit and yet this failure to communicate, if the Negro leader cannot communicate to the man in the street in Detroit, he must have even greater trouble in other cities.*

Has the Negro leadership taken upon itself this same soul-searching that I said white America must undertake and is undertaking? Where is this lack of communication between the Negro leader and the man in the street? Could you comment upon this briefly, to try to enlighten someone who is genuinely troubled in this regard, someone who has always looked upon Detroit as somewhat of a model in this regard.

MRS. MYERS: I will certainly try, sir. Just this week, if I may quote from a meeting where someone stated within this downtown area that the so-called middle-class Negro is very troubled because he was frightened to death. The answer that came back was, as you look around this room, how many Negro lawyers and doctors, teachers, and so forth do you find in this meeting? This was a community meeting. Here again you will find also divisions within the Negro community.

MR. VANDERGRIFF: *Well, what was the answer to that question, if I might interrupt?*

MRS. MYERS: The answer was that they just was not there. The lawyers was there but we had not one doctor, no teachers. No other professionals were there. It seems that for some reason there is a line drawn.

But we recognize, and I think even the middle-class Negro recognizes, that this hard-core person we speak of, this young man on the streets in Detroit with a "do rag," the young woman that walks down Twelfth Street and down Mack Avenue has problems, problems that we cannot dare to reach or answer. But we have said — and I'm speaking now again back to our organization and what we have attempted to do in the years in trying to just reach these people — we do not have the professional know-how to reach this man or this woman or these people with these social-imbedded problems that exist.

We have said that it is our opinion — and I know this is the thinking of many organizations in this city — that if you have the funds we might reach them, because we do have many social agencies.

We have many other agencies that are supposed to be serving this area and this community to reach those people. But that has been one of our problems, sir. Generally when these people come into the community, they are never concentrating on reaching the person with this imbedded problem. They want to reach the organization or the people that are able to at least represent themselves, stand on their own feet, because we have a program that we must present to make it look better, whether it is at city hall, in Lansing or Washington. Now, this has been one of our problems throughout the city through the years, and still is, as far as reaching some of these social problems. As we say, we do not have the professional know-how. Here again, the lines of communication break down because this man, this woman, this boy, this girl, becomes very, very frustrated. And therefore we are caught between, as a result.

MR. VANDERGRIFF: *You commented in your testimony on obstacles you had encountered in recruiting technical assistance. Was this in regard to your housing project that you are undertaking? Would you enlarge upon that?*

MRS. MYERS: I would be glad to, sir, because we were led to believe, at least six years ago, that where Elmwood No. 2 now stands our organization would be allowed to acquire land and would have built already a community there. Today, in the place of this, four blocks from where I live stands a development of homes — units of \$28,000 — which again goes back to the question someone asked a few minutes ago: Which is more important — land or people? In our city and in our state, apparently land is more important.

So, for some reason we just did not get this, and of course as a group of people that have made all the mistakes in the book that could be made, we came back again and began to plan again.

As of two years ago we were successful enough to acquire a developer who went through our organization from its beginning and

then to Washington and back; and now we have an architect and again the problems are confronting us. I'm not sure, our people aren't sure, what is happening, because it seems as though actually acquisition has stopped on the land, on the balance of No. 2 — and this is right downtown where, again, we have been promised by the city that we would be allowed to develop this land. There are 43 acres left there, sir, and I do not have to tell you there is other land throughout this city, but the metropolitan authorities and others seems to be interested in this spot of land only.

Now, it has been said to us time and time again — not from city hall, but around through the community — that actually no Negroes from that area would build back in that area. Now, city hall tells us differently; the Housing Commission tells us differently. But as of today we have not put a spade in the ground. Our developer has said that our contract — all of the necessary papers that are needed to clear this — is now waiting for acquisition. But we had hoped to break ground early this fall. And it is fall and the buildings still stand on that ground.

MR. VANDERGRIFF: *All right, thank you very much, Mrs. Myers.*

Mr. Mayor, just one or two quick questions. You state that you believe the property tax, if properly administered, is more than adequate to operate any city?

MAYOR CLARKSON: Yes, I do, Mayor.

MR. VANDERGRIFF: *Including Detroit?*

MAYOR CLARKSON: Including Detroit.

A Workable Council of Governments

MR. VANDERGRIFF: *I see, all right. Certainly it would appear from your testimony that you are a true regional citizen, if I might term it in that manner. You stated that you believed in metropolitan government?*

MAYOR CLARKSON: Yes, I do.

MR. VANDERGRIFF: *Do you think the people of Southfield would share that view and vote for it?*

MAYOR CLARKSON: They would vote for metropolitan government over the Council of Governments, because the Council of Governments takes away our vote. Southfield is the second largest taxpaying unit in Oakland County, and will be one of the largest cities in Oakland County shortly, and it has been denied a vote on the executive committee. With the metropolitan form, at least as it is practiced in Toronto, you would have a vote. There would be a little more opportunity for direct liaison between the citizen and the government.

MR. VANDERGRIFF: *Well, of course, I intend to differ with you in terms of the Council of Governments, but strictly because of my familiarity with the procedures in our section of the country. We couldn't be denied a vote. How does it happen that you are denied a vote? I don't understand it.*

MAYOR CLARKSON: It has been the biggest enigma of our time, as I say. I was on the Committee of 100 that worked for its formation, because I thought that this was a step in the right direction. I feel that the Council of Governments is definitely better than nothing. And I pointed out to them that they were making an error if they didn't give these cities the vote and continue to maintain the council as the primary policy-making body, rather than the executive committee. I told them they were making an oligarchy out of the executive committee and it would fail. But, they wouldn't listen to me. And that's part of politics — you win some, you lose some. We are waiting to see just what's going to happen.

Now, this is what makes me interested in the metropolitan area, because anybody that lives in this area has relations all through the area. My mother and father live in Highland Park, and on a street that is predominantly Negro, and their problems naturally are closely aligned with the problems that these people have, whether it be housing or police protection or fire protection or anything else.

Living in the urban area is a common problem and one that must be solved by all of us somehow, and I can think of no better way than the Council of Governments, provided they do not cut off the right of this representative to speak for his community.

MR. VANDERGRIFF: *I agree, all right. Thank you very much.*

MR. DOUGLAS: We want to thank you both. Your testimony has been very valuable and very interesting.

It is our practice at our meetings to not only permit but welcome statements from the floor. If anyone wishes to speak, I'd invite them to come forward and speak.

PUBLIC WITNESSES

Mr. Martin: City Should Tell Intentions

MR. MARTIN: Brother Chairman, I represent no organization, but my name is Clarence Martin of 2026 Joseph Campau. I live in the ghetto. The boundaries in which I live is bound on the west by Chene, on the east by Elmwood, on the north by Waterloo, the south by Lafayette. That particular Elmwood Development area is what I am interested in, and I can see by the assembly here there are many that lives in this particular ghetto.

They would like to know what is being done, and precisely I would like to know what are we to do with this property. Now, they told us two years ago, don't improve, don't do a thing, wait, we are coming through. So has been stated by Mrs. Myers.

MR. DOUGLAS: *You say "they." Who do you mean by they?*

MR. MARTIN: I refer to some pamphlets that I received, some throw-away cards stating on there, come to the meeting. We went to the meeting and it was stated in this particular meeting that you need

not improve on this property. Now, as to — I wish I had those cards. I shouldn't have thrown them away. Then I would be able to tell you exactly who said it. And so I have done nothing but paint. I have done no improvement and I would like to know what am I to do. If I am to improve, then I shall improve. If I am not to improve then I shan't. If I'm to do anything, then let me know exactly what is to be done. I don't know whether or not I am speaking for the entire group but I am speaking for myself.

MR. DOUGLAS: *Well, is the area to be taken for a public housing project, for urban renewal or for what purpose?*

MR. MARTIN: Yes, for the Elmwood Redevelopment area, it is supposed to be taken.

MR. DOUGLAS: *For urban renewal?*

MR. MARTIN: Yes.

MR. DOUGLAS: *Or public housing?*

MR. MARTIN: Public housing.

MR. DOUGLAS: *Is there any representative of the housing authority here at this meeting?*

I would suggest this is an inquiry which the housing authority should answer. Is there anyone here who will make an inquiry of the Detroit Housing Commission as to what their timetable is or their intentions?

See, we will leave here in a few minutes and it is hard for us personally to do this. But is Mr. Malcolm Dade from the Mayor's Office here?

MR. DADE: Mr. Knox [Secretary-Director, Detroit Housing Commission] was here a few moments ago and left. I'm not sure I understood the question of the gentleman. To the point it is possible, I will attempt to get an answer.

MR. DOUGLAS: *Would you be willing to come down and talk with this gentleman? I think what he is really trying to find out is whether public housing is going into the area, and if so where?*

MR. DADE: The area that is in question, I believe, is an urban renewal area. Now, this then means that there is the possibility for some public housing going into the area. But, in terms that it would be entirely public housing, I don't believe that this is the intention. I'm not sure this answers completely —

MR. DOUGLAS: *When is urban renewal coming in, if it goes in?*

MR. DADE: I would have to beg that question, Senator, and say I could not give you an answer to that.

MR. DOUGLAS: *Would you give an answer to this gentleman and to his associates as quickly as possible?*

MR. DADE: Certainly will.

MR. DOUGLAS: Do you have any questions you would like to ask Mr. Dade, who is the Mayor's representative.

Well, thank you very much.

Are there any others who wish to testify?

MRS. DEESON: Senator Douglas, and your Commission, what I would like to bring to your Commission is this: The land that is being ac-

quired by the redevelopment agency, if they were to pay each citizen what their lot is worth, they could go elsewhere, build, or buy. But they buy this land for practically nothing and sell it for millions. Where one of these highrise buildings is built, within a few blocks of here, they acquired that land for nothing, and they sold the block in a few months for \$125 million. Now, each citizen in that block could have gotten as much as \$20,000, or \$25,000 for his land. We are not selling houses; it is the land that's valuable. If it is valuable to them in two or three months, it is valuable to us before they get it. And if they were to give us what the land is worth we could build or buy most anywhere where a common poor person could live. And that is my statement I would like to bring to you.

MR. DOUGLAS: Would you state your full name and identify yourself, please?

Mrs. Deeson: Gap in Buying-Selling Price

MRS. DEESON: My name is Verna Deeson. I live at 2938 Sherman.

MR. RAVITCH: *I'm curious. Are you saying the urban renewal agency sold the land it acquired for more than they paid for it?*

MRS. DEESON: Definitely. Just a few months after that land was bought and acquired — where some of those people got \$3-\$4-\$5-\$6- and \$7,000 for their homes, their lots — it was in the Detroit papers, that that block cost those people who bought it \$125 million.

MR. RAVITCH: *To whom did you sell your land?*

MRS. DEESON: I haven't sold my land as of yet. I'm still —

MR. RAVITCH: *No, I mean the people that you are referring to that sold their lots. Did they sell to the city?*

MRS. DEESON: Well, this is to the same people that are trying to buy ours, definitely.

MR. RAVITCH: *Well, is that the city?*

MRS. DEESON: Well, I presume so, and that block of land cost \$125 million for the people that bought it and built this big highrise apartment on it.

MR. RAVITCH: *Mr. Chairman, I think this is, if these facts are accurate, it is really quite interesting. I wonder if we might ask our staff to direct an official inquiry as to whether urban renewal land was acquired and sold at more than the price of acquisition.*

MR. DOUGLAS: Yes, I will ask Mr. Shuman to get that information.¹

¹ Robert D. Knox, Director, Detroit Housing Commission, submitted the following information: Apparently the witness was discussing the Lafayette project, which has highrise apartments on it, whereas Elmwood No. 2 had not yet been sold for redevelopment. Acquisition and resale prices were: Lafayette project — acquisition cost, \$5,252,000; donations (city-owned streets, etc.) valued at \$90,000; resale price, \$1,068,000. Gratiot project — acquisition cost, \$6,293,000; donations, \$110,000; resale price, \$2,744,000. Elmwood-Park No. 1 — acquisition cost, \$6,807,000; donations, \$44,000; resale price, \$813,000. Elmwood Park No. 2 — no land had been resold. Average purchase prices for urban renewal land were about \$3 to \$4 a square foot, with current acquisition prices for such land closer to \$6 a square foot. The highest price for land charged by the renewal agency to private redevelopers was \$1 a square foot. City Hall and newspaper reporters in Detroit told the Commission that charges of "land speculation by the city" with renewal sites had been made public, but had not been substantiated.

MRS. DEESON: That's definite. See now, if you give us as much as \$25,000 for a lot — we are not selling our house, it is the land that's valuable. Regardless of how good the home is, they are going to knock it down with a bulldozer, or regardless of how poor it is.

MR. SHUMAN: *Could you identify the section you are talking about, what's its name?*

MRS. DEESON: Oh, it's right down here in this Lafayette —

MRS. MYERS: Elmwood No. 2.

MRS. DEESON: Yes, that land was sold for \$125 million to build that big highrise apartment. But the citizens didn't gain as much as \$200,000 out of it.

MRS. MYERS: This is the project known as Lafayette Park that I referred to.

MR. DOUGLAS: Do you want to speak to the subject?

We will try to pursue that inquiry when we talk to the housing people.

MR. DEESON: I kept that paper, Senator Douglas, for quite some months before I destroyed it, and every meeting that I go to I bring it up.

MR. DOUGLAS: Well, thank you very much. Are there any others who wish to testify? No. Then thank you again, the witnesses and all who joined us here.

(Adjournment.)

*Oakdale Community Center
Royal Oak Township, Michigan
Afternoon, September 26, 1967*

An assessment of cooperatives as a means of producing additions to the urban housing inventory through new and rehabilitated dwellings was provided the Commission from the experience of co-op service organizations and residents of cooperatives of various types. Role of the labor unions in cooperative housing was also presented.

COOPERATIVE HOUSING EXPERIENCE

MR. DOUGLAS: I'm going to call on Dave Krooth ¹ first, to proceed in his own way.

STATEMENT BY DAVID L. KROOTH

MR. KROOTH: I am pleased to have the opportunity to appear before this Commission to describe the success which cooperatives have

¹David L. Krooth, attorney. Counsel to U.S. housing agencies during period 1933-46. Former president, National Housing Conference. Participated in several missions of Agency for International Development. Editor, current court decisions, *Journal of Housing*.

achieved in providing housing, particularly for families of low and moderate incomes. In my statement, I will endeavor to explain the unique features of cooperatives which make it possible for them to provide housing at lower costs to the consumer and to produce better and more wholesome communities.

The Total Housing Need

Before discussing cooperatives, I want briefly to describe the total housing need as we see it. During the past year, I served as Chairman of the Legislative and Resolutions Committees of the National Housing Conference, as well as Chairman of its Committee for Providing Home Ownership for Lower Income Families. I would like to introduce a report of this NHC Committee and the NHC Resolutions. I refer you to them for our legislative and administrative recommendations instead of taking the time of the Commission to discuss them.¹

The NHC resolutions recommend a national goal to eliminate all slums and substandard housing, and to build enough housing to replace them during the next 20 years. To achieve this goal, NHC proposed last year that we build 50 million new dwelling units in the next 20 years at the rate of two and a half million a year. At least 10 million of these new dwellings, or 500,000 a year, must be for people of low and moderate incomes who are not served by the normal private housing industry. In addition, the supply of existing homes should be brought up to a decent living standard.

This year, NHC has added a new goal to its program in order to reflect the volume of rehabilitation required to eliminate all substandard housing during the next 20 years. The new goal contemplates rehabilitation at the rate of 500,000 units a year in addition to the volume of new construction, so that the total volume of new and rehabilitated housing would be 3 million units per year. Of this NHC goal for new and rehabilitated housing, 500,000 units a year would be for the low-income group and an additional 500,000 units a year for the moderate-income group.

Today when the Nation's need for housing is so great, housing is at a low level of production — currently the annual rate is 1,381,000 units. This is only about half the rate we need. For lower-income families the construction rate is about one-tenth of what we need. Our Nation is experiencing an urban crisis with social unrest and violence in our cities. Bad housing conditions are at the heart of the urban crisis. To meet that crisis, we must provide good homes and good neighborhoods for the ill-housed.

Progress on Cooperative Housing

First, I will give you a progress report on cooperative housing under different programs.

¹ In Commission files.

In 1949 I well remember when Senator Douglas sponsored legislation which was enacted for the disposal of the Greenbelt projects,¹ with a first preference for a negotiated sale to groups of residents and veterans organized on a nonprofit basis. Following that example, Congress enacted a law providing for the disposition of war housing to cooperatives consisting of the residents. On the way out here we drove past several of the projects of that character which were disposed of under that legislation. Many of those projects were sold elsewhere, as well as here in Detroit, to cooperatives.

In most cases, the cooperative members were in a lower-income group. Despite the doubts expressed by some people concerning the ability of lower-income families to participate in a cooperative program, all of these cooperatives have been successful. The people still own their cooperative housing and they have met their mortgage payments. They have maintained and improved their properties. They have participated actively in the affairs of their communities.

Recently the Federal Housing Administration approved a sale of a defaulted rental project to a consumer cooperative. Under this program, the Lindenwood Gardens Project in New York City was sold to a cooperative which consisted largely of the residents. The Federal Government obtained a fair price for the property. At the same time the sales price and monthly charges on the apartments were a good buy for the consumers. Parenthetically, let me say we have been urging for a long time that FHA should offer defaulted rental properties to residents to purchase as cooperatives. About a year ago when Congress was prepared to enact legislation containing such a directive, FHA stated that they didn't need the legislation and that they had the power, which we always felt was true. Pursuant to that legislative history, FHA then proceeded to sell this project and we hope it is the forerunner for the sale of other defaulted projects to cooperatives. Even though these rental projects failed as rental projects, many of them can succeed as cooperatives. That has been our experience. Of course you can't overpay for the property. The cooperative must buy it at a reasonable price. In the Lindenwood case FHA got from the cooperative members at least as good a price as it could have gotten from anyone else.

Seventeen years ago Congress added Section 213² to the FHA program to provide financing for cooperatives which serve middle-income families. On the bus drive to this hearing, you observed a number of those projects and you heard the monthly charges concerning them.

Section 213 is a program that involves market interest rates. There are some projects like the first one that you saw today which serve the upper segment of the middle-income group. In that project, the monthly charges on a 3-bedroom unit with two baths were \$215.

¹ The three Greenbelt communities — Greenbelt, near Washington, D.C., in Maryland; Greendale, near Milwaukee; and Greenhills, near Cincinnati — built under direction of and administered by the Resettlement Administration in the late 1930's; sold by the Federal Government after World War II.

² FHA mortgage insurance for cooperative housing, under the National Housing Act.

Therefore, the total annual charge would be about \$2,500. That unit would serve families typically with an income of about \$12,500. In that area of the city those families could not get comparable housing at these monthly charges except from a cooperative. The cooperative project is in downtown Detroit. It consists of large-sized townhouses for large families, with 1,450 square feet and a basement. The trustees of the Cooperative Housing Foundation have felt that this was a sound program, which is why they sponsored it. It is not the policy of the trustees to go into luxury programs to provide cooperative housing for high-income families. They try to limit their program to meeting needs that aren't otherwise met.

While there are no income limits in this 213 program, it has been able to reach families that could not afford housing operated for profit in the normal market. Also, it has made ownership possible within urban areas where multi-family housing predominates. Section 213 authorizes 40-year financing at market interest rates. Last month, there was a celebration in the Vandenberg Room of the Capitol upon the achievement of FHA insurance for \$1½ billion of cooperative housing under Section 213. In his luncheon speech, Senator Sparkman recalled his initial sponsorship of that legislation and expressed his pride in the achievements under it, including the fact that the repayment record on these cooperative mortgages is the best of any market-rate program under FHA.

Co-ops under 221(d)(3)

The 221(d)(3) program wasn't enacted until 1961 — six years ago. Like most new programs it had a long start-up period. In the fall of 1964, when interest rates were increasing disastrously, Congress wisely established 3 percent as a fixed interest rate for this below-market program. In a recent speech, Congressman Wright Patman, Chairman of the House Banking and Currency Committee, gave his appraisal of this program:

Here is a program that really works for people that would otherwise be in that "forgotten family" gap — too well off or too independent for public housing; too poor to buy a decent home in the normal market. The initials BMIR in FHA lingo mean Below-Market Interest Rate. This rate saves the average BMIR family about \$23 per month for its home. If you are making \$100 a week and feeding a family of four, a \$23 a month difference on your housing charges makes a decent home possible.

As of June 30, 1967, FHA had insured mortgages of \$190 million on cooperatives under this program. This covered 140 projects serving 13,500 families. Commitments and applications were outstanding for \$125 million of additional cooperatives for 8,200 additional families. This cooperative housing program totals about \$315 million and it will provide for about 22,000 families of moderate incomes. Many more projects are in the initiating stage, some of which have allocations of 221(d)(3) funds. It is interesting to note that under the BMIR program about one-third of all the projects are cooperatives.

The cooperative program under 221(d)(3) has achieved a remarkable record. There has not been a single default in any cooperative mortgage under this program, although I am informed that the default rate on other BMIR projects is about 3.6 percent. This shows that moderate-income families will assume responsibilities when they are afforded the opportunity to own their homes. Moreover, their cooperative communities have been better maintained and have produced a better environment than rental projects. This conclusion was confirmed by an independent survey made by the Peoples Gas Light and Coke Company of Chicago a couple of years ago. The survey states:

The cooperative housing developments appear not to have experienced the upkeep and behavioral problems faced by some of the rental projects. Perhaps the element of ownership and the self-governing management arrangement which involves members of the cooperative have tended to create an atmosphere of mutual respect.

Now, in this connection I would like to read another quote from that report which answers the questions that had been asked while we were on the bus. Mr. Addington¹ gave his experience in terms of the comparison of charges on cooperatives under (d)(3) and rental projects under (d)(3) and his answer was based upon his experience in the Detroit area. In Detroit there is one limited-distribution rental project and I think a couple of nonprofit rental projects. Everything else in Detroit under (d)(3) is cooperative. The survey by Peoples Gas Light and Coke Company said:

On the average cooperative housing is available at a lower monthly charge than rental housing under Section 221(d)(3). The average figures were as follows: For different size units, one-bedroom cooperative \$63, rental \$86. Two-bedroom cooperative \$83, rental \$99. Three bedroom cooperative \$91, rental \$107.

Now, part of that difference is due to certain work which is provided by the member on a self-help basis but that amount is not a sizeable figure. As Mr. Addington said, in the case of decorating it accounts for about \$3 monthly.

I would like to file for the record two explanatory brochures — one entitled "Owners not Tenants," which includes this quotation; also, another called "Housing for the Disadvantaged."²

In view of the unparalleled record of success with this program involving cooperative homeownership by moderate-income families, there should be encouragement of the program by HUD throughout the country. The Washington officials are sympathetic and encourage cooperative homeownership among moderate-income families. Likewise, many FHA insuring offices have given proper recognition to this program, notably the Detroit insuring office. However, a similar attitude does not prevail in a number of other FHA insuring offices, with the result that the benefits of this Federal aid program are being denied to the people in the areas involved.

¹ Wendell G. Addington, Vice-President, FCH Company, Inc., Detroit, who led one of the inspection tours taken by the Commission in Detroit.

² In Commission files.

I want to go a step further and say this doesn't only apply to co-operatives. If you look at the total list of the allocations under 221(d)(3) you will be surprised to see the vast desert areas in the United States, in terms of the lack of participation in this program.

MR. DOUGLAS: *Ordinarily we don't interrupt witnesses testifying, but this trail is so hot that I cannot drop it. What area would you specify?*

MR. KROOTH: Well, I don't have the list with me but I know in the South we have encountered a great deal of difficulty in getting co-operative (d)(3) programs in operation. We have started in Georgia, in Atlanta. Once having started there, other areas are looking to the success that has been achieved, and we are hoping that now we will gradually get into more of the other southern states.

MR. DOUGLAS: *Would you be willing to supplement your testimony by putting in some additional paragraphs specifying the areas where that difficulty with FHA insuring and so on is?*

MR. KROOTH: I would suggest that you obtain from FHA their statistical tables covering: (1) The status of the below-market interest rate rental and cooperative project operations as of June 30, 1967; and (2) The status of the reservations for rent supplements. These tables will show the geographic distribution of projects. They will also show the relatively small participation in the program — or the absence of participation — by some insuring offices.

Formula for Housing at Lower Cost

Now I would like to discuss the matters which I know are really the heart of what the Commission would like to get from me; namely, an analysis of the cooperative program and an explanation of how cooperatives can provide better housing at lower cost, and how they produce better communities. As far as I am concerned, Mr. Chairman, I am glad to have you interrupt at anytime.

1. A cooperative is owned and operated by the people on a non-profit basis. Each family pays only its proportionate share of what it actually costs to own and operate the project. In this respect, it is like individual ownership. However, as compared to multifamily housing operated on a profit rental basis, it differs because there is no profit paid to a landlord.

2. There is better maintenance and upkeep of the property and, therefore, less expense when the residents are owners instead of tenants in a rental project.

3. The vacancy and collection loss allowance on rental housing is normally 7 percent, which is reflected in the rentals. On cooperatives this allowance, including the general operating reserve, is only 3 percent under Section 213 and 5 percent under Section 221(d)(3). This lower allowance is reflected in lower monthly carrying charges. In addition, experience confirms that there are little or no vacancy and collection losses in cooperatives. Therefore the vacancy and collection loss allowance becomes a forced saving which is added to reserves.

This is dramatically illustrated by the experience with rental projects which had large vacancy losses and which were then acquired by the people. Under cooperative ownership, such losses were eliminated through attracting members who became more permanent occupants.

4. The allowance in the mortgage for builder's fees is greater in limited distribution rental projects under 221(d)(3), where the mortgage is limited to 90 percent. In such cases, the builder gets a 10 percent profit and risk allowance plus an overhead allowance of about 2 percent. In contrast, on a cooperative under 221(d)(3) the typical allowance is 4 percent for the builder's fee plus a 2 percent general overhead. Moreover, in cooperatives the builder's fee is computed only on the construction cost, while in limited-distribution projects, the 10 percent profit and risk allowance is computed on all costs except the land. Therefore, the FHA estimate of replacement cost in a cooperative includes a saving of at least 6 percent on the builder's profit and general overhead. The limited-distribution investor is allowed a return of 6 percent on his investment, which consists mainly of his profit and risk allowance. The rents in a limited-distribution project are established to produce sufficient income to provide for this 6 percent return on the investment, together with a number of contingency allowances, including the 7 percent vacancy and collection cost allowance. All of this has the effect of increasing the monthly charges in such a project substantially above those charged in a cooperative.

Now, parenthetically, I want to say that we are not criticizing the profit-risk allowance for builders under the limited-distribution program when they obtain a 90 percent mortgage, since these builders invest this profit in the project and receive a limited 6 percent return on it. But, I am just pointing out the factors to indicate one of the economies involved insofar as the cooperative is concerned.

When a cooperative project is located in an urban renewal area, there is a higher allowance for the builder's fee because of the additional difficulties and work customarily involved. On cooperatives in urban renewal areas, the FHA estimate of replacement cost may include a builder's fee of 10 percent computed on the construction cost. This fee is less than the fee allowed on a rental project in an urban renewal area. In such a rental project, there is a 10 percent builder's profit and risk allowance which is computed not only on the construction cost but also on all other items of cost except the land. Accordingly, even in urban renewal areas, the FHA estimate of replacement cost in a cooperative would involve a saving of the difference between (a) the investor's profit and risk allowance and (b) the builder's fee, which is computed on a smaller dollar figure limited to construction costs.

5. As compared with rental housing, a cooperative encourages its members to provide self-help. Thus, cooperative members generally provide their own interior decorating, minor interior repairs, and maintenance of their individual yards. Such self-help reduces the cash disbursements by members for their housing.

6. Unlike a tenant in rental housing, a cooperative member obtains income-tax deductions for his share of interest and taxes. This often represents a substantial saving, just as it does with individual home ownership.

7. You will notice I make comparisons between cooperatives on the one hand and rental housing on the other hand. When we talk about rental housing we must bear in mind there are two different kinds — the limited-distribution operated for profit, and nonprofit rental housing. Now I am going to make a few comparisons with individual ownership.

As compared with individual ownership, a cooperative has many important economic advantages. On the initial purchase by the cooperative, there are lower closing costs, because the cooperative has one blanket mortgage, one survey, one title insurance policy, one hazard insurance policy, and a closing on the entire project rather than a separate closing on each of several hundred units. This results in a lower proportionate amount of closing costs for a cooperative purchaser.

8. When a member wants to sell his home, the cooperative handles the sale for a charge which merely reimburses the actual costs of its services, which are nominal. The transaction is a simple one, involving only the transfer of stock or a membership. Typically, in cooperatives for people of moderate or lower incomes, this charge does not exceed \$25. Contrast this with the very high cost of transferring title and making a sale when there is individual or condominium ownership. In such cases, sellers often lose their entire equity investment or suffer substantial cash losses because of the high costs of title examinations and transfers, transfer taxes, broker's fees, refinancing, and other charges. This aspect of cooperative housing cannot be overemphasized in urban areas where there necessarily is mobility among residents.

9. In recognition of the multifamily and permanent character of cooperative projects and the provisions to assure repairs and replacements, cooperative mortgages are amortized over a 40-year term. This is true on new construction and on existing, if that period would not exceed three-quarters of the useful life of the property. This produces a lower monthly charge as compared with the financing available on individual homes which brings the cost within the reach of lower-income families. To the extent that lower interest rates are made available under Section 221(d)(3) or 213, there are further reductions in the housing costs for mutual owners.

10. Part of the monthly charges paid by a member are really savings, since he builds up his equity. This is in contrast with rental, where all of the payment represents an outgo with no accumulation of equity. In cooperatives sponsored by the trustees of the Foundation for Cooperative Housing, the cooperative has an option to repurchase the dwelling of a withdrawing member at a price which includes: (a) His downpayment; typically these have been from \$150 to about \$250 on (d)(3) projects. (b) The value of approved improve-

ments; somebody puts a garage on one of the buildings as Mr. Addington pointed out. (c) A fixed yearly equity increment during the first 20 years of 1 percent of his share of the mortgage and 1½ percent of that amount during the second 20 years of a 40-year mortgage. These yearly equity increments are computed on a basis which represents the average principal payments on the mortgage during these periods, less an allowance for depreciation. However, on projects under section 221(d)(3), there are no equity increments for the first three years.

11. Since the withdrawing member is required to offer his dwelling to the cooperative at a nonspeculative price, there is an assurance of the continued availability of the housing to other moderate-income families at a reasonable cost. A waiting list is maintained of people who are ready to buy the units of withdrawing members. Moreover, the bylaws of the cooperative specifically provide that it too is not supposed to speculate. When it buys a unit back it is supposed to resell it to a new member at the same price at which it purchased it.

12. As compared with most individual homes, a cooperative is designed as a planned community which will make the most economical use of the land and resources by building the housing in groups, reducing the cost of utility installations, and establishing combined community, recreational, and parking areas. This results in lower housing costs per unit. Mr. Addington cited to you today the average cost of land per unit. If you will contrast that with the average cost of land for an individual house I think it will be quite apparent that there is an economy just on the land use. Now, in part this is due to grouping the houses together and having more homes per acre. This is part of what we must do if we are to produce housing at lower cost to serve those of lower income. Also, as a result of this group planning, it is possible to achieve better designed communities. In the operation of such projects, there are also economies from mass purchases, such as the purchase of utilities at lower cost through master meters, or the purchase of many of the other supplies or replacements that are required for the project.

13. Cooperatives generally produce better quality housing at lower costs. There is an arm's length relationship between the cooperative and the builder which results in a better buy for the consumer. The protection of the consumer's interest requires that the cooperative be independently represented by a technically qualified cooperative servicing organization. Mr. Addington is the vice president for this area of such an organization, FCH Services, Inc., which operates on a nonprofit basis as a subsidiary of the Foundation for Cooperative Housing. Cooperatives obtain fixed contracts which protect the consumer against additional costs that would increase the downpayments or carrying charges. They adopted this practice of a fixed price for a turnkey job long before this idea was introduced into public hous-

ing.¹ In return for their accepting these obligations which protect the consumer, contractors obtain a lump-sum construction contract which gives them an opportunity to recover or avoid these additional costs through efficient performance. Such lump-sum contracts encourage builders to improve their construction techniques and achieve greater efficiency. Sometimes we have builders who undertake to build and then find that they suffer substantial losses under the lump-sum contracts due to their inefficiency. When we find that a builder has been inefficient and that he has lost money, we don't want him to build any more for cooperatives, nor does he have a desire to build for cooperatives under their fixed-price contracts. Throughout the country there are at least 30 different building organizations who have built efficiently for cooperatives. They come back again and again and are prepared to accept the lump-sum contract. The fixed price never exceeds the FHA estimate of replacement cost. Beyond the FHA requirements in its cost estimates, cooperatives impose requirements that if bad soil conditions or any other unforeseen contingencies are encountered, the price is not increased. Instead of issuing a "plus" change order as they would do in a rental project, cooperatives require the additional work to be done within the original lump-sum price. Since the cooperatives sell the houses in advance with a fixed downpayment and monthly carrying charges, it is FCH policy not to increase the downpayment or the monthly carrying charges after it has started a sales program. That is why cooperatives must have this system of contracting at a fixed lump-sum price.

14. Since most cooperatives today are being organized on a presale basis, there is an assurance of the market for the housing before it is built. When there are a large number of housing units which are presold before construction starts, the cooperative is able to obtain a price which reflects the economics of large-scale building. Also, the presales provide a built-in safety factor as compared with either rental housing projects or individual homes built on a speculative basis for rent or sale. Cooperatives avoid the contingency allowances for anticipated losses on such housing until it is sold or rented.

15. There is an FHA limit on the price which a cooperative can pay for a project. On new construction it cannot exceed the FHA estimate of replacement cost. On the purchase and conversion of existing property, such as the Blackstone property which you saw today, it cannot exceed FHA's estimate of the value of the property. However, there are no similar limits on the price at which individual homes are sold under current FHA programs, for example Section 203(b).²

¹ A method of providing public housing through purchase of privately produced construction from the builder, who follows general requirements instead of minutely detailed Federal specifications. On satisfactory completion of the project, the builder turns over the key (hence the name) to the public housing agency. This approach was first adopted in 1966; it is also used in the provision of rehabilitated housing for public housing tenancy.

² Mortgage insurance for homes — the conventional program under the National Housing Act.

16. A cooperative is a democratic organization with control in the membership. After the completion of a housing development, the members elect their board of directors. The board adopts regulations to assure the maintenance of a wholesome and pleasant environment, free from disturbing nuisances. Besides providing good housing, the cooperative encourages recreational, educational, and group activities which enrich the life of the community. Contrast the advantages of such resident ownership and control with the disadvantages of absentee ownership and operation of rental properties.

17. As compared with both rental and individual homes, there is a special advantage in a cooperative, since its board exercises a large measure of control over the neighborhood. The cooperative is responsible for all exterior painting and for all structural, mechanical, and other major repairs and replacements. The monthly housing charges include money that will be needed later to make these repairs and replacements or to meet other contingencies. Too often, people of moderate or lower incomes do not accumulate the savings they will need later for such future expenditures. The cooperative assures that it will have the money available to keep the housing in good condition throughout its useful life, and to maintain an attractive community.

18. Cooperatives respond to the desire in part of people to own a good home in a good neighborhood. People will make sacrifices to acquire and keep that home. They will join in a savings plan to accumulate money for their downpayments and they will pay their monthly charges.

19. In a speech at the recent cooperative luncheon at the Capitol, HUD Secretary Weaver made these significant comments about other advantages of cooperative housing:

We believe that we can say that we observed one of the advantages of this pride in homeownership just the other day in Detroit. Several of our cooperative buildings [We didn't pass any of these today, but you are going to pass them on the way back.] situated in the heart of the riot area, were untouched by the tragic violence around them, and I think this is a tribute, sort of an unearned fringe benefit that none of us had anticipated. No one can be certain, but we all believe we see here what it can mean when the residents themselves have a deep and genuine investment, not only in money, but of interest and identification in their own dwelling

All of our cooperative housing efforts have important economic advantages for enhancing the potential of families to acquire housing—in the closing costs, in the comparatively low transfer cost, and in the tax advantages. And, of course, many of the cooperative projects we are assisting have attracted the kinds of families who are strongly dedicated to the goal of equal opportunity of housing for all Americans. The movement for cooperative housing in the United States has been important for many of our goals in the Department.

These comments of the Secretary recognize the advantages of cooperative housing. I want particularly to supplement that last point made by the Secretary concerning the success of cooperatives in achieving integration. In the housing report of the White House Conference, "To Fulfill These Rights," held over a year ago, there is a

tribute to the Foundation for Cooperative Housing for its achievements in sponsoring racially inclusive housing developments. That report has a long list of such projects. I would like to include in the record some excerpts from that report, together with Secretary Weaver's speech.¹

Co-ops and Rehab Housing

This ends the discussion about advantages of cooperative housing except as it relates to a separate subject; namely, rehabilitation. There is much emphasis on this subject today; so I want briefly to discuss the use of the cooperative technique to achieve lower cost rehabilitation and, what is equally important, to avoid the dislocation of residents.

The trustees of the Foundation for Cooperative Housing have sponsored cooperatives which have achieved successful rehabilitation in more than 5,000 dwelling units. Based upon this experience, I want briefly to summarize the major principles which have been demonstrated to be sound when rehabilitation is undertaken to achieve ownership by the people:

1. Only properties which are basically sound should be rehabilitated for cooperative homeownership. That's why it did not make sense to rehabilitate that last project we saw today. Those defense houses were so deteriorated it would be a waste to spend money to try to rehabilitate them.

2. The rehabilitation program should be of a character which enables continued occupancy of the residence. Most lower-income families can't afford to move out and back. Moreover, if these costs are charged against the rehabilitation, they greatly increase the project cost and monthly charges.

3. The objective should be to purchase and renovate an existing property under a refinancing plan which will produce monthly charges not higher than those paid by the present residents. This assures a continuing market for an upgraded structure. It also avoids displacing the residents.

4. To achieve this objective, it is necessary to limit rehabilitation to the kind of work which cannot be done later either (a) by the members themselves or (b) by the maintenance staff of the cooperative. The rehabilitation work to be done initially should include: major repairs or replacements in heating, plumbing, mechanical, electrical, and structural items; installing modern kitchens and bathrooms; and, where feasible, providing necessary community facilities.

5. The initial rehabilitation work should not include interior redecoration of apartments, or minor repairs and improvements in apartments. As to the work not included in the initial rehabilitation program, this work should be handled afterwards. The individual cooperative members should do the kinds of work which they can

¹ In Commission files.

handle. This will give the members a self-help responsibility and reduce their housing costs through the use of their own labor. As to work which is beyond the capacity of the residents to handle themselves, the maintenance staff of the cooperative should do it. By this method of handling this work, it is possible to achieve the necessary low cost of rehabilitation and to avoid displacing the residents by keeping housing costs within their financial reach.

6. Through cooperative ownership of the rehabilitated property, costs of operation and maintenance are significantly lower than under rental management, for reasons that we have already discussed.

7. Speaking through their elected directors and committees, cooperative homeowners achieve an uplifting in the standards and character of the community. They have effectively stopped vandalism and abuse which previously existed under a rental operation of property. I can cite one incident just recently where there was a rent strike on a property because the tenants felt the landlord wasn't giving proper maintenance. In desperation the landlord asked, "What do you want me to do?" The tenants replied that they wanted to own the property themselves. If you will sell the property to us on a basis where we can own it, the tenants said, they would make it into the proper kind of community.

Although cooperative rehabilitation programs have been successful when undertaken in conformity with these principles, we have often found that Federal officials have been unwilling to provide financing for such projects. Some of them have preconceived ideas that an entire project must be evacuated before rehabilitation is started. Others insist that a property must be rehabilitated so that it is as good as new, even though the monthly charges would then be beyond the reach of the residents. There are Federal officials who have approved the type of cooperative rehabilitation program we recommend and experience has demonstrated the wisdom of their action. We hope that more Federal officials will follow their example.

Many people feel that cooperatives are something peculiar. They don't recognize that they are basically American. Cooperative techniques were used in the early days of the frontiers when families moved west and when people joined together to build their own homes. A cooperative is a way for people to help themselves.

The cooperative program achieves private ownership by the people. There is housing construction by private builders. Private capital is enlisted. Even in the below-market interest rate program, there is private interim financing until the project is completed; and thereafter, there is a sale by Fanny Mae to private investors of participations in the long-term below-market interest rate mortgages purchased with special assistance funds. The cooperative program encourages people to help themselves by joining together to get good homes in a good neighborhood which they could not otherwise afford.

In conclusion may I make this request: if this Commission agrees with the views which we have expressed on the value of cooperatives

and their techniques, we hope that it can help bring about a wider public understanding and acceptance of this program in many areas of the country which so desperately need it.

MR. DOUGLAS: Thank you, Mr. Krooth, for your testimony.

The second witness will be Mr. Wade Jones¹ from the Colonial Square Cooperative in the neighboring city of Ann Arbor. We are very happy to have you here today.

STATEMENT BY WADE JONES

MR. JONES: Thank you, Mr. Chairman. I am honored indeed to have this opportunity to testify before this Commission and present to all here assembled my own opinions regarding cooperative housing. I sincerely believe that housing programs of this type provide the answer to some of the greatest problems with which many urban areas are confronted today: How to provide decent housing at a reasonable cost; how to best promote both pride and thrift among the occupants so as to greatly reduce the cost of management in future years that could, due to both carelessness and negligence on the part of the inhabitants, make necessary continued increases in carrying charges with the result of pricing the units beyond the means of those for whom they were originally intended; and, better assuring that people from all walks of life learn how to live together harmoniously.

Favorable Contrast of a Co-op

Before moving to Colonial Square Cooperative, I was a resident in a rental project just outside Ypsilanti, Michigan. Although the projects were relatively new, the maintenance, both inside and out, left a great deal to be desired. Due to very poor living habits of near-by neighbors, our family waged a never ending battle against roaches. It also was a common practice for some tenants to park their automobiles on the lawns. The result: where grass had once beautified, there was barren ground, cratered by numerous ruts. I might also add there seemed to be a problem for these people to find various trash containers which were all around the grounds. Some preferred to drop their trash, bottles and empty cans wherever they happened to be.

My wife and I heard about Colonial Square from a salesman in another cooperative. Upon deciding that we would much rather live in Ann Arbor than the community in which the other cooperative was located, we applied for membership. Understanding the principles and practices under which such housing is administered, we had no worries about being rejected, even though we knew that the

¹ Teacher. President, Colonial Square Cooperative, Ann Arbor.

cooperative was being built in a section of the city where few if any Negroes had previously resided. That we have been accepted there can be no doubt. I am now president of the cooperative after less than one and a half years in residence.

There is a wonderful international flavor about Colonial Square. In residence are Indians, Puerto Ricans, Chinese, Negroes, Poles, Germans, Koreans, Mexicans. You name the nationality. We have it. A most significant fact is that during my previous tenure as chairman of our Community Relations Committee, and now as a board member, there has never been, to my knowledge, an official complaint made that even suggested racial, religious, or national origin implications. Colonial Square is a perfect example that people can live together harmoniously. What we have in our cooperative is a community in the true sense of the word. People fully realize that we are integrated; yet our waiting list has always numbered well over 100 families. Just before the recent summer this list was almost approaching 200 families. Our applicants are primarily interested in obtaining decent housing at a price they can afford.

At the present time our community provides services for many needs. We have a cooperative nursery school which functions as a separate nonprofit corporation with its own board of directors. Parents who have students enrolled pay a small fee each semester to cover the cost of a professional teacher. The facilities of our community building were made available to this group free of charge. There is a small group of parents within the cooperative who have organized a baby-sitter's swap service. Although small play areas and some play equipment were included in our original site planning, they proved inadequate to meet our needs. Three additional play areas have been authorized. Each of these areas will be equipped with swings, slides, sand boxes and climbing apparatus and so located within the cooperative so as to eliminate the necessity for any small child having to cross a street to get to a playground. One of these areas has already been placed in operation.

Although we are still in the planning stages, there is the possibility that a parking lot, complete with a separate access drive, will be built to serve our community building. This parking area would serve a dual purpose: to provide parking spaces for people using the building, and thus eliminate the problems being encountered by residents close to the building who often find their own parking space occupied by another car; and to provide a tennis court during the day. Our community building can be used by any member of the cooperative for meetings or private parties. Outside groups, at the present time, are welcome if sponsored by a cooperative member who is also a member of the particular group in question. At the present time no charge is made for either use.

We were considering the possibility of converting from our present system of individual gas meters to a mass-metering plan which, according to reliable estimates, would have resulted in a considerable savings for each cooperative member. Although the idea has not been

completely discarded, further research seems to indicate that the initial cost for this conversion plus possible maintenance cost of gas lines between a common meter and individual units, for which the cooperative would have to assume responsibility, might be of such magnitude as to make this step not feasible.

At Colonial Square we have a Cooperative Newsletter published monthly by our newsletter committee. In addition to serving as a means of keeping our members clearly informed as to cooperative policy, the Newsletter contains want ads, dates of board, committee, and other meetings, letters to the editor and other items of general interest.

The cooperative has reached outside of its boundaries on several occasions. We were successful in persuading a local bus company to extend the terminal of their run approximately three-quarters of a mile not only to, but through the co-op. This additional service has been of great benefit not only to our own members, but also the many families who reside between the cooperative and the original point of termination. During the past spring election we invited candidates for public office to appear at a public meeting. Although the turnout for this meeting was not what we had hoped for, a few people from the outside community were in attendance.

In addition to an elected board of five members, our cooperative has four functioning committees. These are (1) buildings and grounds, (2) community relations, (3) newsletter, and (4) membership.

During our short period of existence all, of course, has not been a bed of roses. Some of our problems have been solved; some are in the process, hopefully, of being solved, and some seemingly may never be solved. In some areas of the co-op, parking spaces are at a premium. The assignment of individual parking spaces so as to provide at least one space per unit was undertaken by our buildings and grounds committee. Unassigned spaces are now on a first come, first served basis for members with two cars and/or visitors.

We solved our "dog problems" through a "shape up or ship out" directive. Since the members were informed that failure to clean up after their dogs or to keep them restrained on a leash when outside their units would definitely place them in violation of their occupancy agreement and make necessary eviction procedures, we've had very few problems insofar as dogs are concerned. I might add that during the time that I was chairman of our community relations committee we used to jokingly, but often cryingly, comment that our committee was mired in the problem of dog manure. We went through this problem for almost one year, and then after becoming a board member we decided to try this method. We so far have had to send out only one letter and violators have shaped up rather than risk being shipped out.

At the present time our community relations committee has been charged with the responsibility of solving our cat problem. Yes, there is a cat problem. Many proposals have been suggested. One was for

the offering of a bounty for the apprehension of stray cats, stray cats being defined as any cat found outside not on a leash. Needless to say, this proposal went over like a big lead balloon and was subsequently tabled. We haven't solved the cat problem yet but we're still working on it.

At the present time taxes are our biggest problem. The City of Ann Arbor has established an assessed valuation for our property that exceeds the estimate of the Federal Housing Administration by some \$140,000. Although legal services were retained by the cooperative and an appeal to the Michigan State Tax Commission subsequently made, an unfavorable decision was rendered. We therefore found it necessary to raise carrying charges \$10 a month in order to meet this additional expense. We sincerely believe that our tax assessment should not be based on similar properties because of the limited purpose for which the cooperative is being utilized. Unlike other projects we are prohibited by law from realizing a profit from which we might capitalize. Many of our residents are students, for whom \$10 more a month has been a real burden. This is not the final word in this matter. We are still appealing the case, and hope the outcome will be favorable for the cooperative.

We think we have a pretty good community. Our women feel safe in walking alone at night. We have had no purse snatchings, robberies, burglaries, or any other of this type incident of which I am aware. Our sidewalks and streets are well lighted and we are studying the feasibility of putting more lights in our back court areas so as to further assure the high degree of safety we now enjoy.

It would seem to me that after this past horrible summer we ought to be doing everything within our power to break up the ghettos. We ought to be building cooperative communities like ours everywhere we can, so that people can live decently, at a reasonable cost, in a community of their own choosing. By doing this we at least will better assure that people of all different races, religions and nationalities will have the opportunity of getting to know — and what's more important, to enjoy — each other as fellow human beings.

As I mentioned earlier, the big problems with which many urban areas are confronted today are how to provide decent housing at a reasonable cost and how to best promote both pride and thrift in ownership so as to greatly reduce the cost of operation. I sincerely believe that cooperative housing is the answer to these problems. The reason is very simple. In the rental program the housing is "theirs," in the cooperative program it is "ours."

Thank you.

MR. DOUGLAS: Thank you very much for your testimony.

We are also happy to have with us Mrs. Kathryn Maxwell, who is a resident of the Ranier-Hamilton Cooperative in Detroit — vice-president of that co-op — and who also has had a notable career in public health education, from which she recently retired.

As I remember, the Ranier-Hamilton Court is on the very edge of the riot area. We are very glad to have your testimony.

STATEMENT BY MRS. KATHRYN MAXWELL

MRS. MAXWELL: Thank you, Mr. Chairman. Yes, I live in the area that attracted nationwide attention in July and it has a very interesting outcome, I'll speak to it later.

I came to this area 45 years ago as a bride and then I lived in a house. It is very much changed in the 45 years I've lived here. But then lots of changes have come. I'm even a little changed myself in those 45 years.

Success of a Co-op Conversion

I live now in an apartment, the Ranier-Hamilton, which was converted. I lived there for 24 years before it became a cooperative and it has been very interesting to me to watch the change. This was a well-built apartment and it was well maintained until about 10 years before it became a cooperative. And then it began to slip very, very definitely and the whole neighborhood around it was also slipping. When it was converted to a cooperative there were changes made and the apartment itself was renovated, and I think it gave a lift to the whole neighborhood to see the change in this one cooperative apartment.

Since it has been a cooperative it has been maintained very much better and the backward slipping in the neighborhood, I think, has changed too as a result of the cooperative being there. The residents of the cooperative during the changeover were largely older people and many of them are widows. They were not delighted with the changes in the neighborhood and they were very apprehensive about cooperatives. Most of us knew nothing about cooperatives, and they were very apprehensive about the fact that many Negroes were coming into the neighborhood, and particularly that there would be Negroes in the cooperative.

Some of the people who lived there were — well, you could almost say they were bigots. Bigot was the word I used — not a very choice word, I'll admit — but it has been of great, very great, interest to me to see changes in people I've known for, some of them, almost 30 years. People my own age and older, and people who I never thought would change, living together closely and helping and being helped by neighbors that they didn't think they'd ever speak to, was very interesting.

One of the ladies who lives there and whom I've known for 40 years, was most apprehensive and I, among others, persuaded her to stay and see how she'd like it. There was a young Negro woman who moved in across the hall from her and she takes in the packages for this young lady and visits with her, and I think you could say that she enjoys her company very much. There have been many instances like this that I think might not have happened — that have changed the attitudes of people.

One of them was my friend Sadie, who is a lady I've known for more years than I am willing to admit. She was even older than I am, by about 15 years — I'll let you figure that one out for yourself — and she was also a cripple, and coming down the hall she fell and broke her hip. A new neighbor who had just moved in — a young couple — the man came out and picked her up and carried her into the apartment and looked after her and I was amazed at the effect of this. One of the women who was, I think, the most bigoted of all, said, "What would we ever have done without him?" I think that, more than anything I could say, illustrates what change can come about even when people are far, far beyond middle age, which is 15 years older than you are.

But there has been a very, very great change — unbelievable. Another resident of the apartment is a woman who is not the easiest lady to get along with. But she has a green thumb and she likes to garden; she loves to garden and she has played the most active role of all in the house and grounds committee in our cooperative. She works out in the garden and she does a wonderful job, and she gets recognition that she could get in no other way because we all love the roses that she has grown and the flowers she is growing. And many people stop and talk to her about what she has done and I'm sure that it has meant a great deal to her. It has meant a great deal to us to have this wonderful work done.

Another thing too — I have another friend who likes to garden and she's a little more prosperous than we are. She had to pay \$30,000 for a house that had a yard so she could have a garden. I'm sure my friend in the cooperative could not have gardened under those circumstances because she was in a low-income group.

The cooperative has brought stability to the neighborhood. I believe there's more working-togetherness between members of the cooperative and people who had had backyards pretty well filled with automobiles that were no longer able to run. The cooperative, working together with some of these people, have given a pick-up, a real pick-up to the neighborhood.

I think that if we had more such buildings as ours, more cooperatives, more people working together and finding out that they have so much more in common than they thought they had — I believe that if we could have more, because one is not very many, but I'm sure that if we could have more cooperatives of this kind — it would help immeasurably to solve some of the problems of hate and some of the problems of fear that we all have been anxious and concerned about. I wish there could be more such cooperatives. But I like mine and I'm glad I'm there, thank you.

MR. DOUGLAS: Thank you for your testimony.

Also we are very proud to have with us today Mr. August Scholle, who is President of the Michigan State AFL-CIO and a vice president of the Michigan Housing Associates, which sponsors the co-ops.

Mr. Scholle is one of the great citizens of Michigan and the country and we are privileged to have him with us.

MR. SCHOLLE: Thank you, Senator.

Wearing as I do today two hats, I think everyone can understand — despite the fact I was requested to come here as vice president of the Michigan Housing Associates — that my viewpoints would be very well spiced with the labor viewpoint, inasmuch as I have been in the labor movement virtually all my life.

Labor Unions and Cooperatives

Labor and cooperatives share a common interest in the pocketbook of working people. Labor is concerned in getting full value for the worker's time and effort, and the cooperatives are concerned with getting full value for his money. Each worker is both a producer and a consumer. Labor unions protect his interest on the job, but he is largely unprotected as a consumer.

One of the greatest expenditures of the worker's income is for housing. Housing is also one of the greatest areas of unmet social need. There is a real shortage of decent, adequate housing within the financial means of the average worker. Private enterprise for profit is not able to produce housing for families of low and moderate income.

One of the greatest expenditures of the Worker's income is for long record of labor interest in cooperatives. The 16th annual convention of the American Federation of Labor in 1896 called on all unions to aid cooperatives. There have been a number of varied ventures by labor in and with the cooperative movement. Many unions have built and developed their own cooperative housing projects and communities in all areas of our country, and the labor movement in many countries in Europe has been the backbone of the cooperative movement.

Three years ago, we helped organize in Detroit under the chairmanship of our late brother, Al Barbour, president of the Wayne County AFL-CIO, a cooperative housing organization, The Michigan Housing Associates. This is a corporation which we started which includes a great many organizations other than labor. Just to give you the name of a few: The Archdiocese of Detroit, the Detroit Council of Churches and many of its affiliates, Detroit Building Construction Trade, Foundation for Cooperative Housing, FCH Services Incorporated, Lead Life Insurance Company, Michigan Credit Union League and many of its affiliates, and others much too numerous to mention.

The Michigan Housing Associates also included, in addition to cooperative and labor leadership, official church support and community leadership. We felt the problems of the cities, and the largely unmet need for decent low- and moderate-income housing called for the type of nonprofit developer whose basic concern would be people,

not profit. We felt that the stress should be in building communities where people could safely walk the streets at night, and where we would be dedicated not only to racial integration but to economic integration as well.

Because we are interested in human needs and concerns, the cooperative approach has other important values to offer. Again, this is not new for the labor movement to be concerned with other values. We have pioneered in many of the efforts for social security legislation, pensions, medical care, etcetera. The cooperative is a community of people working together — and in working together, each member has a role to play and a control and voice in his own community. In this day of bigness and of decision-making from above, the lone individual is too often lost like a pebble in a vast sea of pebbles. In a cooperative housing community, the opinion of the individual and his contributions are immediately important, not only to him but to the whole.

One of the other gains that cannot be measured in dollars and cents is the educational effect of participating in a democratic community on a day-to-day basis where one lives. Cooperatives operating under the Rochdale principle are basic democracies: one member, one vote. Needless to say, I have ardently advocated one man, one vote for a long time. The need to register a vote, or register a complaint is more immediately evident than in the larger society around us. The effects of participation or lack of participation are also more easily seen and felt. In time, the lessons learned should help strengthen the basic belief and support for our democratic way of life. I believe the evidence the people present here have made in that regard would indicate that that is correct.

The cooperative technique of working together to service felt needs expands rapidly in many directions. Just as in the labor movement we expanded into many fringe benefits and demands instead of just more money in the pay envelope, so the cooperative housing members expand in other ways to service other consumer needs. Credit unions, cooperative nurseries, group purchasing clubs, etcetera, are a natural development in many of the labor housing cooperatives already in existence — and I am sure in others as well.

Labor has another very basic interest in housing: New housing means jobs. The housing industry is the biggest job creator in our economy, except for the war industry. Housing also means jobs in all the peripheral industries such as bricks, glass, steel, plumbing, heating, and so forth. It also means jobs to create new streets, new commercial facilities, utility services, and utility lines. It also means jobs in all the appliance and furniture industries.

Organized labor has a real stake in making sure there are jobs in our economy not only for organized labor but for all workers. A full employment economy has always been a major goal of organized labor.

By using the nonprofit sponsorship approach, and the below-market mortgage of the Federal Government and now also under

our new State law — if and when it is allowed to function — we can create thousands and thousands of new units of housing so badly needed for lower- and moderate-income families. This is housing that would not otherwise be built, and therefore jobs that might not otherwise exist.

Cooperatives will not supplant private enterprise. The builders will still do the building, and the suppliers will still service the needs of the new construction or rehabilitation.

The nonprofit cooperative through its role as a producer exerts a measure of control over the costs and quality of the final product. In so doing, it serves as an economic lever against unscrupulous profiteering and as a standards lever over shoddy construction.

Workers don't object to automation, provided they don't have to pay the social costs of that automation. In too many industries, the workers were thrown out on the streets and replaced by machines. If automation is the desirable answer for lower costs, then the building trades worker should and could be assured of security through a technique such as a guaranteed annual wage or guaranteed annual work year. This has been done in Sweden and can be done here.

I would like to add that my supposition has been that you undoubtedly have been provided with the material incorporated in the policy resolution under the title "Urban America" by the National Convention of the AFL-CIO in 1965 and the resolution that was later, in 1966, adopted by the AFL-CIO Executive Council on Urban America. I would like to point out — I'm sure that Mr. Lyons may have, but sometimes our assumption doesn't necessarily materialize into reality, consequently I thought that I would mention it — this has some very salient information that I think would be very advisable for the Commission to have access to.

MR. DOUGLAS: Mr. Shuman tells me to the best of our knowledge this material has not been introduced into this record and we would be very grateful if you would do so.

MR. SCHOLLE: Well, it is too lengthy to read and I think that most of these points have been covered. But, it points out for instance that 70 percent of all Americans now live in 212 metropolitan areas that occupy less than 10 percent of the surface of the country. By 1985 we will have 250 million people, and about 80 percent will live in metropolitan areas. This data was put together two years ago: That close to 15 million dwelling units are still substandard.

I'll just go into the headlines and provide you with a copy of this.¹ It deals with questions of housing for low-income families as well as urban renewal housing for moderate-income families and housing for the elderly, cooperative acquisition of existing projects — which means provisions in our Federal grants to enable the cooperatives to purchase and acquire sites that lend themselves to cooperative housing. Community facilities, which is naturally one of the parts of the whole housing project — you can't build a large housing unit without water and sewer facilities. It deals with that question, it

¹ In Commission files.

deals with the question of metropolitan and regional planning, equal housing opportunity. It states among other things that there's no place in America for racial ghettos, and naturally we also incorporate a provision for labor standards on construction, etcetera, which you would assume. And this is the essence of it, along with the resolution. I don't want to read it, Mr. Chairman, because I don't want to take that much time. However, I'll be very glad to leave it with the Commission and make additional copies available if they are desired.

MR. DOUGLAS: I suggest we take a five-minute break and reconvene. (Recess.)

MR. DOUGLAS: The question period has arrived, I'm going to ask Mr. Ravitch to start.

QUESTIONS BY COMMISSION MEMBERS

MR. RAVITCH: *I'd say Mr. Krooth's testimony was as thorough and objective as everything else you've done in this field. We appreciate it very much.*

I might also ask if you would submit for the record the analysis you just completed for NHC [National Housing Conference] of the legislation introduced by the junior Senator [Charles Percy] from Illinois. I think that would be very helpful to us.

MR. KROOTH: That was one of the documents that was offered for the record, since the National Housing Conference studied proposals dealing with homeownership, including the particular proposal to which you alluded.

MR. RAVITCH: *Mr. Krooth, instruct me. In listening to your testimony I gathered what you described was no doubt an accurate reflection of the experience that you have had in dealing with the FCH [Foundation for Cooperative Housing] and the propositions you set forth are proven and well known. Of course, you appreciate we are concerned with understanding the effect of all cooperatives, and the law permits other kinds of organizations to sponsor cooperatives, some of which don't have the expertise or the wise counsel that FCH has. The law also permits private builders to sponsor cooperatives — two types of cooperatives — as a matter of fact.*

I wonder if you might comment on the alternate forms of cooperative sponsorship to the kind that FCH has initiated and worked with. And also tell us if there are any major changes — I don't mean in the technical sense — in the existing legislation pertaining to cooperatives, with particular reference to the type of sponsorship of promotion of these cooperatives, that you would recommend.

Two Types of Cooperatives

MR. KROOTH: Well, I think the question that you've asked is most relevant. There are cooperatives that were organized in New York

City which have been called builder-sponsored cooperatives. In those cases, the builder organized the cooperative and put his friends or associates on the board of directors of the cooperative. In a very real sense in that kind of cooperative, the builder is dealing with himself; so he works out the best kind of a contract from his own point of view of making a maximum profit.

Now, of course, he doesn't do this without some review on the part of FHA. Nevertheless, situations have developed in New York where it was later found that the project had not been built according to specifications. Lawsuits developed. As a result, some of the financial institutions in New York who originally bought these mortgages became unhappy about these kinds of cooperatives. For these and other reasons, we have urged that Federal assistance be limited to independent consumer cooperatives. To some extent, this has been written into the law on some programs. Thus, if the Federal National Mortgage Association is to buy a mortgage insured under Section 213 and use certain designated special assistance funds, the mortgagor must be a "consumer cooperative." Likewise, if FHA is to insure a mortgage on an existing project which is to be acquired for conversion to cooperative ownership, the mortgagor must be a "consumer cooperative" under Section 213(i).

The consumer cooperative by definition is one which is independent of the builder. It has a board of directors which has no relationship to the builder, so that there will be an arm's length transaction and protection of the consumer interest.

I have a specific recommendation on programs which are given special Federal aids that are intended for the benefit of the consumers. The law and regulations should require that the cooperative is one that qualifies as a consumer cooperative. This does not mean one that is necessarily connected with the trustees of the Foundation for Cooperative Housing. It does mean a cooperative sponsored by an organization (1) that is independent of the builder; and (2) that will provide technically qualified people who can conduct a meaningful negotiation to protect the consumers' interests. Even though you have two sides represented at the table, the bargaining can be unequal. You have to have equal competence in bargaining to achieve a satisfactory result.

MR. RAVITCH: *Would you advocate that FHA abandon a builder-sponsored co-op?*

MR. KROOTH: I think that there are serious questions as to its use. To my knowledge, I don't know whether there are any builder-sponsored cooperatives in the (d)(3) program. Where you have consumer-sponsored cooperatives, the experience has been uniformly good. Where you have the builder-sponsored type of cooperative, there is a tendency to overreach and not to protect the consumers' interest. I am pleased that several recent laws have limited certain Federal aids to consumer cooperatives. I think that's what should be done generally.

I want to draw a distinction between (a) a builder-sponsored cooperative and (b) an investor-sponsored project. In an investor-sponsored project, the investor undertakes the project through his own corporation which contracts to sell the completed project to the cooperative. In such a case, the cooperative can and should be a consumer cooperative that is independent of the investor. There are a number of 221(d)(3) projects which are being undertaken under this investor-sponsor program. However, since these projects do involve independent consumer cooperatives which purchase the projects upon completion, these projects have been successful. They are not open to the objections which I have previously described because, as I said, there is an arm's length negotiation between the investor-sponsor and the independent consumer cooperative.

MR. RAVITCH: *Mr. Krooth, in this day and age, those concerned with these problems are focusing on the overall question of how to make the cities more attractive places to live in, and on the question of integration, and they are focusing on the way metropolitan areas are increasing tremendously in size. Do you think that a cooperative — where quite understandably and legitimately the program is motivated or determined by the self-interest of the cooperators — can be as responsive to the needs of the overall community? Can the cooperatives be as responsive to some of the social and political imperatives that I think many in society are trying to achieve now as, for example, a project that is more directly sponsored by a governmental agency?*

MR. KROOTH: Well, I think that governmental agency sponsorship is certainly essential in many programs such as public housing. As a matter of fact I think that the local housing authorities should be permitted to use their background and experience to go into some programs which the Congress has denied them the opportunity to do. I believe in a multi-character approach. We should get as many qualified organizations as possible into these programs in order to meet the needs. But, speaking specifically about a cooperative, when its program is announced initially, all of the ground rules should be made clear to the prospective members before they join. If this is done, a cooperative can achieve social objectives that may not be achievable through a rental approach. If you announce that you are going to have a cooperative program and don't make it clear that it is to be racially inclusive and nondiscriminatory, people come in and think, well, they can use their membership committee to keep out minority groups. Historically, this was done in some of the luxury cooperatives years ago. They misused cooperatives for that purpose. FCH has achieved outstanding success in developing integrated cooperative communities. It does so by making this policy clear at the outset, so that everybody knows the cooperative will not discriminate racially.

I go a step further. Projects should be economically integrated. This is one of the basic defects in our legislation today. We have all kinds of separate programs. There is a program to serve each seg-

ment of the income group by a separate project. Through such legislation, we produce segregation by income and economic status instead of encouraging an intermixture of such families.

Now, the leasing program under HAA and the rent-supplement program under FHA begin to move in the right direction. You can intermix lower-income families with moderate-income families. If that is contemplated and announced initially, it won't be a surprise to people who are going to occupy the project. They would know in advance that this is a project that is going to be economically and racially integrated. When Federal aid is provided, we ought to build programs that are truly democratic with an intermixture by income groups and by racial groups.

Taxes on Co-ops

MR. RAVITCH: *One last question, if I may. In New York City, where we have our own middle-income housing program, which is used primarily for cooperatives rather than rental housing, I've heard it expressed by a number of people on the public side of the program that—after the cooperatives have been organized and the people have moved in—because of increments in the tax rate or increases in operating costs, the public administrators managing these programs are considerably more severe because there's no landlord in between the cooperators and the city government. The city government must bear the sole political brunt, if you will, of the unhappiness over the increases in carrying charges. Would you care to comment on this?*

MR. KROOTH: Well, there are several kinds of increases in carrying charges. In some of the builder-sponsored cooperatives in New York where their primary concern was to build a project and make a profit and then walk away from it, they often deliberately understated the carrying charges. Then when the people moved in, they found that the carrying charges were higher. This is something which I think was partly due to the nature of the sponsorship. Now, you can have increases which you can't anticipate on some types of carrying charges, like taxes. You do the best you can to estimate what the taxes will be. FHA gives its estimate. You go to the assessor's office and talk to him. Then, a budget is prepared showing what the taxes will be. If afterwards the taxing officials do something that all of us think is completely unjustified by imposing an unreasonable tax assessment, all you can do is fight it. In the cooperative's information bulletin issued to prospective members, there is a statement that the amount of the taxes is something beyond the control of the cooperative and that the budget is based upon the best information available on taxes.

Some of the taxing bodies will recognize the principle Mr. Jones spoke about. They agree that a property should not be taxed solely on the basis of the cost of the brick and mortar. If a property is limited by law and by charter to serve a lower-income group which

would pay \$80 monthly instead of \$110 for a townhouse, we feel the tax assessors ought to take this into account and capitalize the limited income that is achievable from such a project. They ought to fix a lower tax assessment. Many taxing jurisdictions have done this. That is the issue involved in the lawsuit which was referred to.

MR. RAVITCH: *Thank you very much.*

Housing Cooperatives in Michigan

MR. DEGROVE: *I have in my hand here a list of cooperatives in Michigan — an impressive list. These are all, I think, under 221(d)(3). I picked it up off the table back there and I have a Detroit News reprint. First, let me say how impressed I have been with the extent of the construction under cooperatives, and with the extent to which you have married it to the 221(d)(3) program; and thirdly, the extent to which this is occurring in the suburbs in effect. We wander about the country and in city after city I ask whether there is any action in 221(d)(3). We hear yes or no. If we hear yes, typically most of the action is in the central city, probably involving urban renewal land. This is the first example I recall — I might be overlooking some — where you have extensive 221(d)(3) action, and darn near all of it in the suburbs. Very interesting, and almost all of it — all of it, I guess, except one project — involving the cooperative movement.*

However, after really praising you very much, I want to ask either Mr. Krooth or Mr. Addington a question. At the top of this sheet it says "For families of low and moderate incomes." I notice in some of your other literature you are more cautious and use the word "lower" rather than "low." Then I look at the rent structure, and while it is certainly good in many ways it doesn't get down to low-income housing really. If you take a family in the \$3,000 bracket and do the 25 percent thing, you come out with about \$60 a month that family can afford for rent. If you take \$2,000 you come out with \$42 a month. Now, what I want to ask you is, do cooperatives have a role in attempting to provide housing in the \$42 to \$70 level? What is the lowest figure you offer? Is it the \$69 I see here? Do cooperatives have a role for providing housing in that market, and if not, would you like to have a role? If so, what would have to be done in terms of legislation or new housing programs or whatever to give you a foot in that area?

MR. ADDINGTON: Mr. DeGrove, the statute, as you know, uses the language "low and moderate income" in referring to section 221(d)(3). We've been increasingly worried that we were ending up with housing that was exclusively serving the moderate rather than the low end of that spectrum. Now we feel that cooperatives, which first started as a response to the economic needs of the most deprived, offer a very useful way to tackle the housing problems of the low-income group. I am using that word now as the government agencies define it — under \$4,000 a year income in several areas I think. By rehabilitation programs, if properly conceived along the lines Mr. Krooth

indicated, we can begin to reach these areas. We have several such programs under consideration by FHA locally, and our one rehab program represents about as low carrying charges as we have.

MR. DEGROVE: *That was \$50, wasn't it?*

MR. ADDINGTON: Right. Well, as you see at Kramer Homes, the top charge is right under \$50 for three bedrooms. That is certainly hitting the area you are talking about.

MR. DEGROVE: *Sure is.*

MR. ADDINGTON: Then the Ranier-Hamilton got close to it. And we have other programs. If we can restrain the zeal of some officials and architects and builders, to make the rehabilitation too great — which we think is being done in Cleveland, where you saw the Hough programs; we think these programs are much too expensive — then rehab can do it.

We think the new leasing program, which can place public housing tenants in cooperatives under 221(d)(3), can help. And we have such a program in the works in a nonfederally assisted urban renewal program in Detroit with the West Central Organization, a militant neighborhood group. There was enacted in the State and signed by the Governor last year, legislation that would permit real estate tax exemption for this type of housing with a payment in lieu of taxes. When that legislation is put into effect, as Mr. Scholle indicated, it will enable us to reach \$20 a month lower on the scale. We feel that the recipients of public assistance, who now often are housed in relatively expensive slum property, should more properly have their housing needs met in cooperatives and other private programs of this sort. In those ways we think we can better meet the needs of the low-income families — although we have no apologies for the efforts on behalf of the moderate-income families.

MR. DEGROVE: *Did you include the use of rent supplements in (d)3 projects?*

MR. ADDINGTON: Yes. I meant to.

Advantages of Interest Subsidies

MR. KROOTH: I'd just like to supplement what has been said on the legislative side by indicating that we have strongly recommended that there be more interest subsidies in order to reach lower in the income scale. Now, we have a program with either public housing or rent supplements which would be enough to pay all the principal and all the interest for the lowest income group. We have another program under (d)(3) which will take the interest rate down to 3 percent. We need to fill a gap and have a graduated interest subsidy from a zero percent on up to 3 percent. When the family income increases its rate would go up proportionately, until it reached 6 percent. With such a program, we can reach families who are in this lower income group, above the public housing level but below the level we can reach today with 221(d)(3).

MR. DEGROVE: *And another thing. Some of the public housing*

we have been looking at recently seems to end up too high, you know, for low-income people. Remarkably enough, I think in New York City, wasn't it \$18 a room?

MR. RAVITCH: *Yes.*

MR. DEGROVE: *Well, let me ask you — that's very interesting — have you worked out a specific proposal?*

MR. KROOTH: *Yes, for years now the National Housing Conference has been recommending a program of this kind and the Senate Committee in its hearings has gone into it in great detail. They haven't yet reported out a bill this year dealing with interest subsidies. The Committee in executive session has approved the new program for interest subsidies; but so far, the interest subsidy would not go below 3 percent. It would have a subsidy to cover the difference between 3 and 6 percent. There has been serious discussion within the Committee to go below 3 percent, some talk of going to 2 percent, and some talk of going to zero. I think the day will come when the Congress will take action like that, because we do have unfilled areas of need. This interest subsidy program has another advantage in making it possible to integrate by income groups, because you can take lower-income families and put them in a 213 program financed with a market interest rate. Just like you can accept rent-supplement families at the public housing level, this program would make it possible to take families who are above the level of public housing and put them in the same project as the moderate-income families, which I think would be healthy.*

MR. DEGROVE: *Thank you, Mr. Chairman, I'll stop.*

Potential of Housing through Cooperatives

MR. WOODBURY: *I'll address this particularly to you, Dave. With all of the programs that are being and have been proliferated in recent years, both under FHA and now under the public housing program, and so on, I think I'm developing some sort of obsession on the question of the relative yield that we may expect volume-wise from these various programs. This is an area where I know we can do little more than guess at the present time. But, as you gentlemen know, part of the conventional or conceived wisdom, I suppose, is that the number of people in this country, particularly the urbanized, who will turn out to be successful cooperators, bona fide cooperators, is limited. It has often been suggested that the most successful cooperation in this country has come from people with Scandinavian backgrounds because of the great popularity and experience in Scandinavian countries; or that the group requires something like the amalgamated background or homogeneity of interest tied to the union, and so on, to make a cooperative really work.*

Now, as I say I'm not saying these are established facts. But this is a feeling that many people have and the question is — I guess it is twofold — first, do you feel that this idea is essentially wrong and misleading; and in the second place, if it is essentially false, would you

have any guess as to the limits of genuine bona fide cooperative housing in supplying the total housing need of this country over the next 20 years that you are talking about in your NHC report? Let me ask the second part more specifically: As a representative of NHC, you say we need two and a half million units for 20 years. Suppose you take the 15th year of that 20-year span. What proportion of that two and a half million in the 15 years would you think might be cooperative housing?

MR. KROOTH: First let me answer the specific question about the fact that you need initially a group that has some homogeneity in terms of background and experience or occupation. Based upon our experience, I do not believe there is any need to have homogeneity in the group that would own and live in a cooperative housing project. That used to be the concept when people were talking about bringing consumers together who were going to hire an architect and plan and build a project themselves. We have found that is a most disastrous procedure. You cannot bring a group of amateurs together and expect them — just because they want and need a home — suddenly to get the background and experience to know how to design projects and produce housing at a price they can afford.

I've represented such groups; so I know whereof I speak. These groups become debating societies. They waste money needlessly, preparing plans which ultimately are not used. In preparing the plans, everybody has their own idea of what they want and they all want everything. Then when the prices are obtained, the people find they can't afford the housing, so the groups often end up in disillusionment.

The FCH approach to the problem is different. FCH doesn't bring the consumers in until FCH knows what it has to offer. The prospective cooperator can go to any of the offered locations he likes and make a selection from the different kinds of housing offered. On each specific unit, it is offered at a certain downpayment and a certain carrying charge. After the people decide on their house, they join the cooperative. They don't elect their own board until after the housing is all completed. We don't have too many cooks meddling in the production process, because that's going to raise costs. Within 60 days after the housing is produced, the cooperative subscribers have a membership meeting and elect their own board. They then take over control. At that point, they hire a competent manager and they run their own affairs.

There are a large number of people who would be interested in cooperative ownership if they had the opportunity to achieve it. For the reasons which I have pointed out, there are many economic and other advantages in being an owner in a cooperative instead of a tenant in rental housing.

I will now address myself to the question you asked about how much of the total housing program can be produced by cooperatives

at a target date like 1975. In making such an estimate, it is necessary to make certain assumptions including the following:

- (1) The availability of adequate financing for cooperatives, including below-market interest rate loans, market rate interest loans, rent supplements, and interest subsidies,
- (2) Encouragement of cooperatives through sympathetic Federal administration of financing and assistance programs,
- (3) Equitable participation of cooperatives in urban renewal and other programs involving land disposition.

In making an estimate as to the percentage of cooperative participation in the total housing program, we are excluding from the total housing program the units that would be built for individual ownership. We recognize that such individual ownership will continue to be an important part of the housing program. However, as time goes on and land is subjected to more intensive use in urban areas, there will be an increasing volume of multifamily housing as compared with single-family homes. In such multifamily housing, cooperatives represent a means of enabling the residents to achieve ownership. We are also excluding from our estimate the portion of multifamily housing which will be public housing.

Subject to the foregoing assumptions and limitations, I foresee the possibility that by 1975 cooperatives could provide 30 percent of private multifamily housing production, including new construction and rehabilitation. This figure is reasonable in terms of experience elsewhere. Thus, in Sweden at the present time, the cooperative sector comprises almost 30 percent of the annual new production of housing. At the present time under the below-market interest rate program, more than 30 percent of that program involves cooperatives. Many people are surprised when they learn that cooperatives are providing this proportion of housing under 221(d)(3). In my estimate, I am taking into account the fact that we are discussing the total private multifamily housing production, rather than the segment limited to lower-income families. As to luxury housing in the City of New York, a very high percentage is cooperative housing. This shows that cooperative ownership is suitable for higher income groups as well as for lower income groups.

Naturally, in making this estimate, I am not looking to the past. Everyone knows that the volume of cooperative housing has been relatively small in the past. However, the lesson of the City of Detroit is clear. Several years ago, there was virtually no cooperative housing being undertaken in Detroit. Yet, today, practically all of the 221(d)(3) below-market program is of a cooperative character in Detroit; also, there is a large volume of cooperative housing at market interest rates under Section 213.

We have gone into many communities and areas where there never was a cooperative before; yet cooperatives were successfully completed there. Today, you saw the Blackstone project. On Blackstone, we had a meeting of all the people and we asked whether they would like to join a cooperative. The people said: "What's a cooperative? We

don't know whether we want one." Some said: "Just leave us alone. We are happy here as tenants." We told them that we'd like to explain about the proposed cooperative. We had a series of meetings. Gradually, people became interested. Finally they decided they wanted to buy the project through a cooperative. They joined and made their down payments. In Blackstone, there was no homogeneity. Many new people joined. Blackstone has proven to be a successful cooperative.

Success in a cooperative depends on: (1) a good deal for the consumer economically which includes good housing at a suitable location; (2) proper leadership in the cooperative community; (3) qualified technical assistance and management for the cooperative; and (4) a sympathetic attitude on the part of the Federal officials who provide the financing.

If an FHA insuring office doesn't want a cooperative, there's nothing that we can do to get the program started in that area. While we try to persuade the FHA office, we sometimes find that we cannot overcome their antagonism to the program. So we finally drop it and go somewhere else.

As you know, 221(d)(3) was passed in 1961. It was supposed to produce at the rate of 40,000 units a year, but only 53,000 units were actually built up to the beginning of this year. During the calendar year 1966, the rate of production was 14,000 as against an authorization of 40,000 units. These programs get authorized by law; but they don't move as quickly as they should for a great variety of reasons, which I won't take the time to go into.

This is true of public housing too. Thus, 60,000 units were authorized a year, of which 35,000 is to be new housing. Yet there are many communities where you just can't find a site within the city which the city council will approve. Each alderman says he is for public housing but he doesn't want it in his ward; so you end up not getting much family housing built under public housing. Cities are willing to take housing for the elderly, but too small a proportion of public housing is going for the families with children who need it most.

Change of Heart through Cooperative Living

MR. WOODBURY: *Thank you. Mrs. Maxwell, I was very interested in your account of the change of attitude on the part of some of your friends and acquaintances in your project. And as you stress, they were people of middle age and older at the time, people supposed to be becoming, like I am, ossified, and not likely to change. I was wondering if you could pinpoint any beginning of this change. Was there any breakthrough? How did it start?*

MRS. MAXWELL: I think it started because people lived close together and got to know each other. And if you live right across the hall or right next door to somebody you know, you begin to know

them whether you want to particularly or not. I think that was part of it.

I'd like to say that I think the Ranier-Hamilton is one place where much better understanding and affection for each other came as a result of the upheaval we had in July because the young men guarded the entrances. We had six entrances and they worked in two hour shifts. And many people felt grateful to them, so that I think there is a better understanding now than there was in June, among our very limited number of people — 98 families. But the little things that I mentioned — for example, my friend who was injured — these things get around. And this kind of thing — the working togetherness and needing each other and helping each other — comes as a result of living together in a cooperative. You are on committees with somebody and you learn about them. It was not exactly one breakthrough, but I could see a change at various times, and I think a remarkable change. I didn't think people my age could ever change that much. But, they have.

Does that answer your question somewhat?

MR. WOODBURY: Yes.

MR. ADDINGTON: I wonder if I might comment on the other question — what percentage of cooperatives we should anticipate in solving our housing problems. I think it is true, the cooperatives can't be expected to solve 100 percent of the problems. Even in Michigan co-ops are only 95 percent of the (d)(3)'s. We are a long way, I think, from reaching the danger point of co-op saturation. In the country as a whole, less than 3 percent of the new housing projects this year will be cooperative — contrasted to, I suppose, 40 percent in Norway and much higher figures in many other parts of the world.

We've had co-ops during the last three years for the first time in Indiana. There are now about 2,000 units of housing cooperatives there. Rural areas in Indiana were very used to co-ops but urban areas not at all. I go to board meetings all the time in these co-ops. I know very few people, once given the chance to be their own landlord, who will want someone else to be brought in, no matter how benevolent, to be the landlord for them. I think that we are a long way from the saturation point on co-op housing.

MR. WOODBURY: *Well, I hope my question didn't suggest that I thought the day of reaching the limit was anywhere near. I have every admiration and hope for what you are doing.*

May I ask one other question? Dave stresses the importance of the sponsorship, so that you don't get a lot of people turning around and wasting a lot of money trying to design and start an operation. I take it your job has been largely that of developing — starting with ideas for the project, finding the site, designing the initial unit from which you sell, and so on. Is there any shortage of talent or manpower for this if the program really should catch on? Are you going to find more gentlemen like this?

MR. ADDINGTON: There's a terrible shortage of technicians in the housing field, including cooperatives. We find virtually all of our

staff in the cooperative organizations themselves. Virtually all of us live in cooperatives and have been board members. I first moved into a co-op in 1946 in my home state of Texas and the president of our firm, Mr. Willcox, first moved into a co-op in 1929. This is where we first look for people — among those who have been cooperative leaders and members for a long time.

MR. WOODBURY: *I'm sorry to take so much time.*

MR. DOUGLAS: Mr. Vandergriff?

FHA Attitude on Co-ops

MR. VANDERGRIFF: *Mr. Krooth, I would like to ask you a question. I may be the only person in the room who needs this information, the answer may be obvious to everyone else. I apologize for my lack of knowledge in the field. But, you spoke of FHA reluctance in terms of cooperatives. You've touched upon this two or three times in the course of the afternoon now. I don't mean to place you in an awkward position by asking you to represent the FHA, so to speak. But could you enlighten me on some of the reasons given by FHA for not being altruistic about this program — however good, bad or indifferent those reasons might be?*

MR. KROOTH: Let me start off by saying when I was speaking of reluctance, I'm speaking of reluctance of some FHA insuring offices. At this time, the attitude in Washington on the part of the top officials is favorable and sympathetic to cooperatives. It hasn't always been so, but now it is. There is a recognition that cooperatives have the best record of repayment. However, when cooperative sponsors come into a new area, the FHA offices may be unsympathetic. These offices are staffed with a limited number of people. They have a large work load. Traditionally their first love and their first concern is with single-family homes. Illustrative of their attitude, they have a rule in FHA that when an office gets an application for insurance on a single-family home, it is supposed to process it within two days. Each office has a big chart on the wall indicating how many applications have been filed on single-family homes and how long it has taken to process them. The zone man in Washington gets a report on this processing of single-family homes. If a local office falls behind in this processing, it is called to account by Washington. So if a local office gets behind in processing single-family homes, it will push multifamily applications aside because they have no chart or yardstick for processing time on multifamily housing.

The staff in each FHA office is busy. When a new program comes in which they have never handled before, some staffs have a negative attitude. Maybe they have been with FHA for 20 years. They have a big book of instructions on every program. If it is a new program for them, they must get familiar with all the special rules that involve processing. The attitude of some of the FHA staff is: "I wish you wouldn't bother me with this. I've got more to do than I've time

for." Meanwhile, they are under pressure to get out the applications on single-family homes.

Moreover, many FHA people have real estate backgrounds in their communities. They are accustomed to looking backwards to determine the value of property and the marketing experience. When they look back in a community which had no housing cooperatives, they assume there must be a reason for the lack of cooperatives. They conclude that they shouldn't risk starting a new program like cooperatives.

This doesn't only apply to co-ops. It applies to rent supplements and other new programs. New programs get in the statute books and headquarters issues all the instructions to implement them, but they are not self-operative. The only way a new program will move is through leadership from Washington. Qualified people must go into the field and instruct the people. Then, if they don't process applications, the office must be called to account. They should be asked why they don't have any cooperatives or rent supplements in their area and why don't they have any 221(d)(3)'s in their area. They should be asked these questions, just as they are now asked to account for falling behind in processing single-family applications.

Recently, there has been much criticism of FHA about the multifamily housing program. It has taken 18 months to process an application for multifamily, from the day it is filed until a commitment is issued. By the end of that time, prices have changed; also, the market may have changed. In response to this criticism, FHA appointed a task force. FHA has now developed a new program to accelerate processing of multifamily applications. They started with three offices. I'm glad that this is happening. This is the first move toward giving multifamily and cooperative housing the favorable treatment accorded to single-family home processing. Until we get this kind of direction and leadership from Washington, we won't get these new programs moving. It takes the leadership from the top.¹

MR. VANDERGRIFF: *All right, sir, thank you very much. I hope I haven't made matters awkward for the regional —*

MR. KROOTH: Now, this office —

MR. VANDERGRIFF: *FHA, but I believe you specifically excluded Detroit from your criticisms?*

¹ Mr. Krooth, in a memo of December 29, 1967, to the Commission, added: "Since the time of this hearing, Commissioner Philip N. Brownstein has provided new leadership within FHA in order to stimulate FHA Insuring Offices to participate in social purpose programs. In order that this record may be clear and complete, I am adding as an insertion in the record at the conclusion of my testimony a speech delivered by the FHA Commissioner to all of the Directors of the FHA Insuring Offices and Multifamily Offices, who were called to Washington on Monday, October 23, 1967, for a meeting. This speech represents the kind of leadership and direction that these FHA offices required. Since the time of this speech and this meeting, there has been a noticeable change in the attitude in many FHA Insuring Offices. It is hoped that this is the beginning of a change in emphasis, so that the FHA Insuring Offices will give full encouragement and assistance to cooperative and other multifamily housing programs, particularly those involving social purpose objectives." The Brownstein speech is in the Commission files.

MR. KROOTH: Detroit is a fine office; they have done a great job. I wish we had more Detroits.

Dog, Cat, and People Problems

MR. VANDERGRIFF: *All right, one other question.*

Mr. Jones, in your job of being president of the cooperative, you told us about all the dog and cat problems. It sounded a lot like a mayor's job. But what I am curious about is this, and both you and Mrs. Maxwell have certainly impressed me with how happy and contented everybody seems to be in the cooperatives: Are there no people problems? And if there are some people problems, what luck do you really have in dealing with them?

MR. JONES: I hope I didn't imply that we do not have any people problems. The one thing that I have mentioned in the issue of our *Colonial Courier* — I write a column each month which I call "Observations and Cogitations" — is that we haven't had dog problems. What we really have are people problems. We don't have cat problems. What we have are people problems, because you cannot tell your dog to go across the street off co-op property until he gets to the woods to take care of his own personal affairs. So, the thing that we have attempted to do is approach this as a people problem.

We have had problems other than dogs and cats. In addition to the parking problems we have had such problems as that individual who might have a tendency to believe that he is the occupant of a unit which is in the middle of four or five acres, completely separated from the rest of his neighbors. He may have a party that will go into the middle of the night or early hours of the morning and make so much noise as to seriously disturb the neighbors — not only on either side of him but in the surrounding area. Now, the thing that we have attempted to do here is to use the people-to-people approach. Whenever individuals call me, the first thing that I will ask is "Have you talked with the person?" We often find that this approach will solve the problem.

Just today, before I left for the hearing, I was talking with an individual who is also employed at the co-op at the present time, due to the strike, he is not working at Ford Motor Company. He had a problem with parking. Two or three of the people in the co-op own motorcycles, others have two cars; and because of the lateness of his working hours, when he would arrive home he had no parking place. He was greatly upset and he had come to me asking what to do: should we circulate a petition, should we knock on doors? I asked him, "Have you talked with the persons?" He said, "No!" So, I said, "Why don't you try that first." Today I found out he has no problem because he talked with the individuals. These people did not realize they were infringing on his rights. This matter was solved.

Another incident was a case of a co-op resident who called me about the neighbor next door whose dog was on a leash but the leash was around 15 or 20 feet long. He was wondering what to do

about it. I asked him, "Have you talked with the member?" His reply was classic, "No, it is too embarrassing." So, I gave him the courage, hopefully, to approach his neighbor. The next thing we knew the dog was on a leash long enough only to permit the dog to roam in his own yard. This has been our approach: the individual approach of neighbor to neighbor. I think this is the best approach.

MR. KROOTH: May I just add that when a person won't respond, the co-op will take action —

MR. VANDERGRIFF: *This is what I'm interested in.*

MR. KROOTH: I will tell you what happens. We've had cases like that. If a particular person is proving to be a nuisance for the whole community, under the terms of the bylaws the cooperative has the right to require that person to move. It makes a full refund to the person of his investment and whatever he is entitled to. We have had several such cases where the person went to court to test the rights. The courts have upheld the rights of the co-op under the bylaws. The members joined knowing what the bylaws provided; namely, that they are supposed to conduct themselves in a manner which will not create a nuisance and disturbance in the community. In one of the cases somebody was conducting his private business out of his house. He backed up his truck in front of his house and loaded it. While he was living in the house, he was also using it as a place of business, which is not allowed.

Another case involved immoral conduct. A woman was living by herself and having many male visitors. When this woman was told that if she appealed to the membership this would all come out in the open, she didn't mind. Her case went to the membership. The membership voted that she had to move. When she took her case to court, the court said she had to move.

These cases are few and far between. But, the power exists for the cooperative to take the action. The fact that members know that the board — their own board — is prepared to take the action if there are many complaints in the community, serves as a restraining influence. Occasionally, the cooperative has to use its power.

MR. VANDERGRIFF: *Thank you to both of you.*

MR. JONES: May I add something further here, that as a board, I think the thing we did during the early stages of our operation was to thoroughly familiarize ourselves with the occupancy agreement. This is the agreement of which Mr. Krooth has spoken. In the occupancy agreement, it's Article II, Section 5 — the clause covering the general nuisance type thing, under which an individual can be held responsible for his conduct, making sure that he does not interfere with the rights of his neighbors.

The thing that we are hoping to do at Colonial Square — and we are in the process now of doing it — is to get a committee established that will, at the time new members move into the co-op, greet them, give them the membership booklet, thoroughly explain the rules and regulations of the co-op, and also find out their various interests, so as to get them involved in cooperative affairs. This we find has

been the main thing. If we can get people involved in the overall cooperative, this is the best approach.

MR. VANDERGRIFF: *Thank you very much. That's very enlightening. I'm going to give you my name and address, Mr. Jones, and if you find a solution to that cat problem you send it to me.*

Thank you, Mr. Chairman.

MR. JONES: Okay.

Assessment Formula for Co-ops

MR. O'NEILL: *Mr. Jones, I would like to pursue your tax case just a little bit. Did you say it was the appraisal that was way over the FHA evaluation?*

MR. JONES: That's right.

MR. O'NEILL: *Now, did they base the appraisal on land value plus the value of improvements? Or did they also count, in Ann Arbor, the income generated?*

MR. JONES: I do not believe that this was based, in Ann Arbor on income. Mr. Addington could help me a great deal here. But land value was a part of this appraisal as well as the cost of the structure.

MR. O'NEILL: *Yes, the cost of the improvement.*

MR. ADDINGTON: Mr. Jones' cooperative has the distinction of having the only assessment in the state where the assessed tax value greatly exceeds the mortgage, which includes the building and the land and all sorts of other things under 221(d)(3). The tax board based it primarily on comparables in that case. They compared it with rental operations in Ann Arbor, which is an even tighter housing market than Detroit.

MR. O'NEILL: *Well, we were told this morning that the Michigan State Constitution had changed the assessments to 50 percent of appraised value.*

MR. ADDINGTON: 50 percent of the market value.

MR. O'NEILL: *Market value? Now this is assessed —*

MR. ADDINGTON: They reach market value by comparables rather than by capitalization or by replacement cost.

MR. O'NEILL: *Capitalization or replacement?*

MR. ADDINGTON: That's right.

MR. O'NEILL: *Now then, this carries a much higher assessment now than any comparable property, right?*

MR. ADDINGTON: It is the only 221(d)(3) in the city, and it is assessed at the same rate as rental property bringing in \$200 a month for smaller units — no exaggeration. It is just fantastic.

MR. O'NEILL: *Well, what I am getting at, is this rental property that you are comparing it to assessed at 50 percent of the appraised value?*

MR. JONES: I don't believe that this is the case — that Ann Arbor's method of assessment is based on 25 percent of the appraised —

MR. ADDINGTON: They are going under the State equalization program, which is supposed to bring it to 50.

MR. O'NEILL: *You are being assessed at more than 25 percent?*

MR. JONES: Well, we may be assessed at 25 percent. It depends on what you determine to be the appraised value, and what those particular things are that you decide to include.

MR. O'NEILL: *Take the business property in downtown Ann Arbor. When they appraise that in the local tax office, do they count land, improvements, and income — three things?*

MR. JONES: As far as I know, in my recalling of the particular case that was presented to the Michigan Tax Commission, that part of the valuation as determined by Ann Arbor did include the land value.

MR. O'NEILL: *Did it include income generated for all properties?*

MR. JONES: I don't know.

MR. O'NEILL: *Thank you very much. That's all.*

MR. KROOTH: Let me give you an example of what we think is the right way to handle this. It is the way they are handling it in some cities. The tax assessors are told that a 221(d)(3) property does not have normal market rents. They are asked to take this into account. In one city, the assessor worked out a formula to develop an assessed value which results in a tax equal to about 18 percent of what the rents are. The assessor figured that's the amount the property ought to pay in taxes on these (d)(3) projects. When you are trying to start a (d)(3) project, you need to know what carrying charges to quote; so you talk to the assessor about it. With the foregoing type of formula, the assessor can give you proper guidance.

We had a case in Ohio where the assessor came up with too high a tax assessment. We took an appeal. We made the argument that the (d)(3) property is subject to a restraint because you can't charge normal rents. The appeal board sustained our position.

MR. O'NEILL: *You are making a comparison between the normal rental units for —*

MR. KROOTH: That's right.

MR. O'NEILL: *— for upper middle-income and these. And then he bases his judgment on those two levels?*

MR. KROOTH: That's right.

MR. O'NEILL: *In other words, he is taking into account income generated in his assessment?*

MR. KROOTH: That's right. What is the market value of a property that's limited so that it can only produce enough income to carry the mortgage and not yield any profit?

MR. O'NEILL: *In other words the common practice is to use three factors in determining the assessment: land, improvement, and income. Thank you very much.*

MR. RAVITCH: *One further question, Dave: would you advocate the multifamily programs be taken out of FHA and put in a new administration?*

MR. KROOTH: Well, I know a lot of people have recommended this. Frankly I prefer to perfect and improve FHA. I think there are indications that they are trying to do this in Washington. I hope

that in time this philosophy will get into the local FHA offices. There also have been cases where new FHA directors have been appointed who had a public interest background rather than being in real estate who are not familiar with social type programs.

There is a great deal of skill and experience within FHA. Frankly I'd like to see these used in these new programs. I think we need more direction from the top and more headquarters staff visiting and instructing in the field. I know the suggestion has been made to remove from FHA all the programs that are socially motivated; but frankly I would like to see FHA reformed so they can use their expertise in effectuating these programs.

MR. DOUGLAS: *Mr. Krooth, you made some very grave charges about some of the FHA administrators, being very careful to say you did not reflect Detroit.*

Now, during the McCarthy era I conducted a number of investigations, and I was always very careful that when charges were made against people they should be notified in advance, and that they should have the right to make a reply in defense. We have been blessed by having representatives of HUD travel with us and at times statements have been made not entirely favorable to FHA, which I think has excited feelings. I would like to accord to them the privilege which I believe every American citizen should have; namely, of making a reply to these charges of yours.

So, if any representative of HUD is here and wants to reply he should be privileged to do so.

MR. MCGLOIN: Senator, my name is Eddie McGloin. I was formerly associated with the office of Senator Philip Hart and, I might add, Senator, I consider myself a good friend of a former associate of yours — Doug Anderson in Chicago, who helped me when I worked in the Chicago Regional Post Office. I have been on the job for two weeks, and I might say I'm not prepared to plead FHA innocent or guilty of some of the allegations that have been made.

I might say that they were most interesting, and my short stay in the office revealed a lot of things that were of considerable interest in terms of some of the allegations that were brought out. I might say that the Detroit Office has the reputation of being one of the best offices in the country and, as such, probably along with the credit, it should share some of the blame and criticism associated with some of the programs of FHA.

As I said before, I am not ready to plead the office either innocent or guilty. I am willing to accept and reflect on the good credit of the office in Detroit here, where they say that the office has done an excellent job — and I can't take credit for that either.

MR. DOUGLAS: *May I ask if there's any other representatives of HUD who wishes to make a statement?*

Let the record show that the opportunity has been given.

Processing Time for FHA Loans

MR. RAVITCH: *I think it is fair to say no inference is drawn by the silence.*

MR. DOUGLAS: *I'd like to ask this question, Mr. Krooth, pursuing this subject. You have spoken of the slowness with which FHA in many regions processes applications of cooperatives for mortgage insurance. Have you noticed any greater readiness on their part to insure builders' cooperatives than consumers' cooperatives?*

MR. KROOTH: No, the slowness is really a part of the problem. I think the time involved in processing on all the multifamily programs has been slow; that includes co-ops and rentals. The average time had been 18 months and, now FHA says —

MR. DOUGLAS: *How much on single-family homes?*

MR. KROOTH: From two to five days.

MR. DOUGLAS: *Five days as compared to 18 months?*

MR. KROOTH: Well, of course, the single-family home is a less complicated thing. We recognize that.

MR. DOUGLAS: *Certainly.*

MR. KROOTH: Now FHA has announced that it is trying out a procedure under which it may be able to cut the time to 90 days. That would be wonderful if it happened. They have tried it in three offices and they are going to extend it to other offices. FHA is beginning to do something about processing. Now, you didn't ask me to defend FHA but I will say —

MR. DOUGLAS: *I am pleased if they are doing something to respond to the drum fire and criticism to which they have been exposed by this Commission and by Senator Brooke and by others —*

MR. KROOTH: Well, I think that in a democracy, where people complain enough, finally something gets done and I think that's happened here.

Now, the second problem is with respect to particular programs. There are offices which would process a normal rental project because they are familiar with it. But, they don't look with favor on some of the new programs like co-ops or rent supplements or 221(d)(3) projects. We need more leadership from Washington and we need a group of people traveling around the country to educate and stimulate the local offices to get into these new programs so that areas of this country are not denied the benefits that were intended for them.

MR. RAVITCH: *Mr. Chairman, if I may I would like to comment on this. I must say, in my private capacity, I have been the victim of delays that have gone way beyond 18 months, Dave. But, in a sense of fairness, I would like to put in the record the fact, in my opinion, that a lot of the legislation under which FHA operates is somewhat ambiguous. FHA is criticized by the Congress with equal vigor for ever making an error as much as they are for not moving fast enough. And I think before we can look to an administrative agency to proceed with what we all agree here to be the proper approach, then*

we ought to make sure that the commitment of the people of this society, as personified in the Congress of the United States, is of more clear definition and of one mind than it is at the moment.

I know that the Commissioner of FHA — now the Assistant Secretary for FHA — on the very same day on Capitol Hill was criticized in the morning because of the high number of defaults under some of these special assistance programs and in the very same afternoon criticized by Senator Ribicoff for not taking more risks and not putting more mortgage funds in low-income areas. So, without in any way excusing what I feel are rather awkward procedures on FHA's part, I think a lot more of the monkey belongs on the back of the Congress of the United States.

MR. DOUGLAS: Well, may I reply to that. The term "economic soundness," which is used as a criterion for FHA mortgages, was inserted in the initial FHA law in 1934, at a period when the problem of the slums was not urgent, when the need was to stimulate housing, when the fear was that we would get enmeshed in unsound mortgages and so forth. My objection to FHA has been that 33 years have passed since then. They have never asked, so far as I know, for a change in the law concerning economic soundness. Once or twice we have changed the law on special types of loans. It has been done at the instance more or less of Congress rather than the administrative agencies, and they have borne the charges which the 1934 act imposed upon them, not only with fortitude but with pleasure.

MR. KROOTH: Mr. Chairman, I would like to just add the fact that I think it would be extremely helpful if the Congress, even on its own initiative, were to spell out (1) that there are special risks involved in many programs; and (2) that to the extent the insurance premium is not enough to cover losses, moneys are to be appropriated by the Congress in recognition of the fact that there is a greater risk in not doing the job at all. I think that this may help to give the agency more courage. In fairness to FHA, they did come out with a directive that in riot areas they will now go in and insure mortgages and —

MR. DOUGLAS: That was passed by Congress in legislation I think in 1965 or '66. It simply took advantage of this legislation after the riots occurred this summer. Their response was worthy, but again slow.

MR. DEGROVE: Mr. Chairman, it seems to me there's another dimension of this thing that we ought to keep in mind. The other side of the coin is that the blame for delays in these programs is not restricted to the behavior of either the Congress or the Federal government. I think we ought to avoid a simple-minded analysis of the time-scale and keep in mind that local governments are often a prime source of delays in trying to accomplish many of the social objectives that we have in mind. I remember Mayor Lindsay was asked this very question: What did he think was the single biggest delaying factor? And he named the local government as the product of more delay than anything else. I don't mean to suggest that improvements

are not possible — one in the legislation, two in the philosophy of FHA, and so forth — but until we can come to grips with some of these problems that flow out of state government and local government, we could perfect those first two-named situations and still be in a frustrating, slow, foot-dragging situation.

MR. KROOTH: That's certainly true.

MR. DOUGLAS: I would like to thank Mrs. Clayman of this cooperative for her hospitality. We are deeply appreciative.

Is there anyone else who wishes to testify? If not, thank you very much.

(Adjournment.)

McGregor Memorial Conference Center
Wayne State University
Detroit, Michigan
Morning, September 27, 1967

Where and how to find revenues to pay for the increasing cost of service needs in the central cities took full attention the second morning of the Detroit hearings. The pressure of the present property tax system against production of housing was examined, along with the alternatives of land value taxation, differential user charges for many local services, and other fiscal devices.

TAX REVENUES AND TAX RESOURCES

PRESIDENT KEAST: Senator Douglas, Commission, and our guests, I'm very happy to welcome you to the campus of Wayne State University this morning. We are delighted to have you here. This university has had a longstanding commitment to urban education, and to the solution of urban problems; so we have a particular pleasure in having the Commission here with us today.

As you said a moment ago, Senator, this university began as a congregation of city-oriented colleges, which were gradually federated over the years, under a municipal sponsorship responsive to and oriented towards the problems of the metropolitan area, and became the State of Michigan's urban state university only a decade ago. Our longstanding commitment to urban education and the resolution of urban problems has brought to this campus a large number of experts, some of whom you will hear today — in particular, Mr. Thompson — and we have formalized this traditional and pervasive concern with the problems of the city in the establishment of a Center for urban studies. It's a possible center for a national institute on urban problems and urban development. The members of the center, the members of the faculty of the university, have for many years —

long before either the immediate and obvious concern of our society about urban problems but not, Senator, before your concern for these matters — been committed to attempting to find ways of mobilizing the intellectual resources necessary to put before the people of the United States, either in the form of educated men and women or in the form of studies of one type or another, the alternatives before us with respect to creation of a decent urban society. We hope to further this effort through our center and through the work of the university. I would like very much that the work of the Commission today, and in any future action, will be successful and will lead to the kind of results for which I know the Commission was called into being.

MR. DOUGLAS: Thank you very much, President Keast. It's been our custom to ask members of the Commission of the state in which we hold our meetings to preside. I know Michigan is not represented on the Commission, but our vice-chairman comes from another one of the five states of the Northwest Ordinance, so I'm going to ask that vice-chairman, Coleman Woodbury, to preside.

MR. WOODBURY: Thank you, Senator. The Commission is not meeting in Wisconsin. If this session were there, I suppose we would all be out walking, rather than sitting inside during the rain to discuss government finance.

That is our topic this morning: urban government finance. We have three well-known speakers who are students of these matters. Perhaps I ought to outline very briefly the format of our program. We are going to call on these three gentlemen for statements of some 20 minutes apiece, and there will be a period for discussion with them by members of the Commission.

It is also our custom at the end of that discussion period to open up the floor to anyone else who wishes to make a statement. The Commission also will welcome any written statements anyone wishes to offer.

With that explanation, let's proceed. On behalf of the Commission, I want to thank each of our guests for coming this morning and giving us the benefit of their experience, analysis and thought on this very important subject.

The first one is Mr. Leon Rothenberg¹ who is Research Director of the Federation of Tax Administrators, one of the organizations of public officials that was assembled some years ago in Chicago.

Mr. Rothenberg, we are happy to have you. Will you start us into this no-man's land or wilderness, or what-not, of government finance.

¹ Formerly staff member of Government Division of U.S. Bureau of Census, and consultant on state and local taxation with Public Administration Service, Chicago.

MR. ROTHENBERG: Thank you, Mr. Woodbury. I have a prepared paper and I shall try to cover briefly the subject of adequate local financing and the role of the states.

Tax Revenue Paradox

A paradoxical situation has characterized state-local finances in recent years, stemming from local governments' heavy reliance on the property tax. Rising property taxes have evoked widespread complaint on the grounds of equity and economic desirability. At the same time, while the property tax has responded well to economic growth, it has not risen sufficiently to prevent a large accumulation of unmet local needs that can be financed only through higher taxes.

As a consequence, the states have been confronted by conflicting demands—one, to give relief to local property taxpayers; two, to provide local governments with increased revenues. Since 1962, the result has been numerous adoptions, in various forms, of state programs to lessen the property tax burden. But these, in application, have probably helped increase local spending much more than they have reduced property taxes.

To a very large extent, the current property tax relief movement is a product of the restrictive fiscal environment in which, historically, local governments have had to operate. During a half-century in which the states moved from almost complete dependence on the property tax towards an approaching universal use of sales, income, and excise taxes, local tax systems in a large majority of states remained virtually unchanged. In 1962, in about two-thirds of the states, local governments imposed neither sales, income, nor excise taxes, and relied on the property tax for tax revenue to about the same extent as at the turn of the century.

There were two occasions since the end of World War II when a rapid spread in local nonproperty taxes appeared imminent. The first occurred in the immediate postwar years, when the population explosion and rising service standards made it apparent that local resources were inadequate to meet spending requirements. Municipal reform elements strongly urged the extension and revision of home-rule charters to permit unlimited local taxing powers. In the late 1940's, when New York and Pennsylvania authorized a variety of local nonproperty taxes—and many political subdivisions responded to such authorizations—this seemed to be the signal for other states to follow a similar course.

However, the movement came to an abrupt halt—in the midst of criticism that (1) such action would further complicate the already substantial compliance difficulties of taxpayers in a Federal system; (2) jurisdictional problems made nonproperty levies inappropriate for local use; and (3) most local governments did not have

the facilities to administer income and sales taxes effectively. There have been only scattered authorizations for self-administered local nonproperty taxes since 1950.

The spread of local nonproperty taxes again seemed likely in 1955, when California, Illinois, and New Mexico provided for state collected, locally imposed sales taxes—the so-called “piggyback” tax. This device removed many of the objections to locally administered taxes since it entailed no administrative responsibilities for local governments and few additional compliance requirements for taxpayers. However, only one state—Utah—authorized a “piggyback” sales tax between 1955 and 1962. These were years in which the need for additional revenue at the state government level became persistent and intense; and state policy makers tended to view local tax authorizations as a surrender of part of state revenue potential.

The slow growth of local nonproperty taxes is evident in tax collection statistics. In 1942, when local nonproperty tax collections consisted almost entirely of business and occupational license taxes, they accounted for 7.6 percent of local tax revenue. Twenty years later, the proportion was still less than 13 percent of the total.

State Aid to Local Governments

In the absence of any significant growth in local taxing powers, one might have expected that, as state tax systems became more diversified, tax sharing or state aid would have an increasingly important role in local financing. However, up to 1962 this was not the case. Although state payments to local governments rose more than 600 percent between 1942 and 1962, their relative importance changed little. In 1942, they accounted for 25 percent of total local government revenue. In 1948, the percentage rose to about 28.5 percent, and it was at this same level in 1962.

Moreover, state aid systems have had only an indirect relationship to overall local fiscal needs. State aid has consisted predominantly of grants-in-aid for specified functions. Sharing of state revenues with local governments for unrestricted use, and grants-in-aid for general purposes in significant amounts, occur in only a smattering of states. Up until the last two years, only about a half-dozen states shared income or sales taxes with local governments unconditionally, to any important extent, and only one state—New York—had a system of per capita grants for general local government support.

Conditional aid, particularly for schools, has been represented as a measure of general fiscal relief since, without it, local governments would have to meet rising costs from their own resources. However, the school function is financed largely through special districts, which often cut across city lines; and this fragmentation has resulted not only in differences among districts in the quality of school services and in tax burdens, but differences within metropolitan areas in the quality of the school function and of other functions for which

little or no state support is given. Moreover, school aid is distributed customarily on a pupil-attendance basis with no provision for the special educational needs of central cities resulting from conditions of blight and poverty.

Property Tax Rise

In the absence of other sources of income, local governments have had no alternative to the continued intensive use of property taxes than to curb the growth in functions, which in terms of social values and practical necessity, may already have been growing too slowly.

From 1948 through 1962, property tax collections rose more than 200 percent and consistently accounted for about 45 percent of state-local tax collections. The 1962 Census of Governments reported that between 1957 and 1962 property taxes rose at an average of 8.5 percent a year, with two-thirds of the growth attributed to rising assessed valuations—including new construction—and one-third to increases in official property tax rates.

On a national basis, this rise was no more than occurred in other taxes. Nevertheless, it was apparently sufficient to provide the stimulus for more property tax relief legislation than at any time since the 1920's and 1930's, when the states abandoned the property tax to local governments and imposed new income and sales taxes to finance their own needs. Since 1962, more than one-third of the states have adopted programs to lessen the general property tax burden. They have increased taxes either to expand conditional grants—with the stated purpose, but not the legal requirement that property taxes be offset by the larger payments—or to replace local revenue lost by state-mandated general property tax credits or exemptions. In addition, more states have authorized local governments to impose income or sales taxes to which they could shift some of the property tax burden through their own action. Since 1962, as part of revenue programs that included some measure of property tax relief, three states have enacted individual income taxes; 10 states have imposed sales taxes; and 11 states have permitted new local sales or income taxes.

Why have state governments assumed that taxpayers are willing to pay new or higher sales or income taxes to curb the rise in property taxes? One explanation given frequently is that taxpayers are more aware of property tax bills than of hidden sales taxes or withheld income taxes, and thus find the property tax more objectionable than others.¹ However, state tax study commissions have stressed other reasons in recommending property tax relief. They have described the tax as inherently regressive, and becoming more so as housing has accounted for a growing share of the family budget.

¹ A Michigan survey has indicated that local taxpayers preferred the property tax to the sales tax (Brazier [Editor]: *Essays in State and Local Finance*, Institute of Public Administration, University of Michigan, 1967). However, recent statutory action suggests that legislators in other states take a different view.

A second reason has been that the traditional inequities in assessments would be magnified if local governments relied on the property tax more heavily. A third reason given is that the burden on agriculture has increased sharply — even without higher levies — as the size of farms and the cost of farm acreage have risen. One study estimated that property taxes have accounted for from 25 to 30 percent of farm net income, compared with 5 percent for the state as a whole.

Effect of Property Tax Relief Programs

If these have been compelling reasons for property tax relief, the programs they generated have clashed head-on with the pressures for increased local spending. Thus far, the effect of such programs has been more evident in expanding local budgets than in any lessening of the property tax burden. This has been particularly true in states where relief has been given in the form of increased state aid or the authorization of new local taxes. But, even in states where specific general property tax credits or exemptions have been enacted, rising levies have tended to consume much of the intended relief in the years after the passage of such laws.

From 1961 through the first quarter of 1967, the proportion of property taxes to state-local tax collections declined from 46.3 to 42.8 percent. However, the decline was attributable to a more rapid rise in the state tax burden than to any reduction in property tax bills. Over the period, property taxes did not match the surge in income and sales taxes. Nevertheless, they continued to rise and, in the past few years, have risen at an accelerating rate.

What implications can be drawn from these recent developments in regard to local government financing? The most conspicuous, surely, is that, despite the recent emphasis on property tax relief, the tax, which accounts for 87 percent of all local tax revenue, will continue to dominate local tax systems. The need for assessment reform, equalization, and the professionalization of assessors — and for the states to use their facilities to achieve such reform — will not diminish in any way.

It is also clear that the demand for relief will continue to be vocal and widespread. In several states where such measures were proposed this year and not passed, they have been on the agenda of special legislative sessions or will be revived when the legislatures next assemble in regular session. In some states where adopted programs did not accomplish property tax relief initially, new programs have been proposed and, in some cases, enacted.

It is less clear whether the indirect benefits that have accrued to local governments will be repeated in subsequent relief programs. It is perhaps significant that most of the programs have been enacted with no expressed intention to aid local governments and with no recognition of the special needs of central cities. There have been a few exceptions in legislation passed this year: In Michigan, proceeds

of a new individual income tax are shared with local governments. In Minnesota, part of the proceeds of a new sales tax will go to local governments as unconditional aid, under a formula that will give first-class cities a larger share than smaller jurisdictions. In Maryland, grants will be made for local police protection. But, mainly, local governments have benefited from the programs only because, thus far, the states, in appropriating funds for tax relief, have not barred further increases in property taxes.

The spread of local nonproperty taxes will ease current local fiscal difficulties somewhat. But experience has shown that such measures are essentially short-run solutions. Tax-enabling laws almost invariably specify maximum rates, and local needs grow more rapidly than the yields from fixed-rate taxes. Also, these levies, once advocated as a means by which daylight citizens can be made to contribute to the support of the community in which they work, now fulfill this objective partially, or not at all. Sales tax revenues have been shifted from the central city to outlying jurisdictions, as new suburban shopping centers have been more than successful in competing with established downtown business areas for the commuter's dollar. Local income taxes, a more effective means for reaching the commuter, have been authorized infrequently, and then usually with the restriction that nonresidents may not be taxed at all or at a fraction of the rate imposed on residents.

In conclusion, if property tax relief legislation has been offset by the demands for increased local spending, the apparent reason is that these conflicting problems cannot be solved separately. If much of the state tax revenue paid to political subdivisions as property tax relief has been used to increase local spending, one must assume that property tax relief is not feasible until local needs are met more adequately. In effect, state programs for this purpose must also include realistic appropriations to meet the inevitable rise in the cost of local governments.

Expansion in Both Local and State Taxation

The situation calls for further expansion both in local taxing authority and, more significantly, in state tax systems, the latter to provide not only for growth in present grants-in-aid programs, but also for an effective system of unconditional aid. Such a system should be equalized to take into consideration the fact that central cities are confronted by blight and a shrinking tax base, and that these conditions create new and major problems not present in newer and wealthier communities.

Whether this can be done depends, to a substantial extent, on whether rural and suburban legislators will recognize that the plight of the cities is in fact the plight of the states. The legislative record, in this respect, has not been good. While there has been considerable state action to promote urban planning, the cleavage between rural and urban interests on fiscal matters is historic. In addition, there is

little evidence to suggest that suburban taxpayers, having fled the city, are now willing to assume a heavier state tax burden to alleviate the conditions which impelled their flight.

It also depends on whether economic conditions will permit the states to finance existing requirements without major additions to their tax systems. It is probably not coincidental that property tax relief programs have materialized during the first sustained period since 1950 in which, for the states in aggregate, revenues have exceeded expenditures. What has happened during the past few years is that a lessening of budget-balancing pressures has enabled the states to devote part, or even all, of revenue-raising programs to property tax relief objectives. It remains to be seen whether, under more stringent fiscal conditions, they would continue to be willing to raise taxes for purposes outside their usual budgetary requirements — property tax relief or local government assistance.

Thank you.

MR. WOODBURY: Thank you, Mr. Rothenberg, for a very able outline of the historical account, and where we stand with respect to property taxes.

Our next speaker is Doctor Wilbur Thompson,¹ Professor of the Economics Department of our own university this morning — Wayne State University.

We are very happy to have you, Mr. Thompson.

STATEMENT BY WILBUR THOMPSON

MR. THOMPSON: Thank you. It's a pleasure to be here, and to be, in a sense, the host.

I suspect I would serve you best if I broke a little new ground; so I'm going to ask your indulgence, not to talk specifically about finance, but to talk instead about a local price policy. This will be in the spirit of the meeting, because as the chairman knows full well, financing goods and services is just one of the functions of price. Part of the problem of our cities today is that we concentrated on finance too much, and see too little of these other functions of price. We do not have a local price policy.

Cities Need Planned Price Policy

Probably the most commonly heard complaint and plea has been that cities need more money. You heard that yesterday. You have heard it before. Nothing I say from here on denies that. But it is a very incomplete approach to the problem of the cities. Budgets are constrained, especially in central cities, and I think maybe they are

¹Director of Graduate Program in Urban Economics, Wayne State University. Author of *A Preface to Urban Economics* (Baltimore: Johns Hopkins Press, 1965).

the most binding constraint. Maybe that's where the shoe does pinch the hardest right now. But I don't really believe that when we relieve that constraint everything will be all right. We need to not only feed the local public economy, we need to control it, and we do not have an explicit planned price policy in our cities. We have an implicit, unplanned (subterranean) system of prices that is pushing and pulling the fabrics of the city in ways that we don't appreciate, most of which are detrimental. If the many mayors and the councilmen do not appreciate their cities as subtle price systems, and adopt more explicit price policies, I suppose we economists are to blame.

Until the last decade, economists have not been in the ranks of those who have studied the cities, and, therefore, our cities have too often been portrayed as physical systems of streets and skyscrapers. Some have seen cities as social systems, where the formal control of schools and courts replaces the informal controls of the family and community. The sociologists, the physical planners, and the architects have been doing their work. Economists haven't cared about cities. Therefore it's not surprising that few observers and even fewer public managers propose an urban price policy.

Now, I'm exaggerating, because noneconomists have played the role of economists. And one reads the urban literature and finds pieces of this here and there. We do recognize in the literature that perhaps the property tax, by being imposed too heavily on improvements and too lightly on land — especially land that's speculatively held — has, in the case of being too heavy on improvements, encouraged slums; and, in the case of being too light on rural land held speculatively, has led to sprawl. But bits and pieces do not make a price policy.

Increasingly, we are beginning to see traffic congestion as more than just a case of insufficient funds to build more roads; congestion is caused in part by not having user charges that make people ration their movement. The use of arterials leading to town at peak periods is permitted at a zero price. We shouldn't be surprised, then, that the demand exceeds the supply of street space. "Congestion" becomes simply a shortage of street space at a zero price, and most things are in short supply at a zero price.

First, if we did institute more user charges in financing and controlling our cities, we would achieve a number of functions of prices that now go by the board. One function of price is to ration a fixed supply, and we would then be able, with user charges, to ration scarce parking space and street space. This is recognized in the parking charge, the most widespread use of user charges. Second, we need "price signals" in the urban public economy. We need to know which goods and services we need more of, and which we can do with less of. For the most part, urban economic problems are problems of the local public sector, the sector which operates without clear price signals, without good indicators of shortages and/or gluts in supply.

It is not only that user charges, employed to a greater extent, would allow us to rationalize scarce space during the period of temporarily fixed supply. It is not only that user charges would serve as signals, which, when they rise over costs, signal that we need more of the service in question; and when they fall below cost tell us we need less. User charges would also give us more control over the distribution of income, both direct and indirect. To the extent that we finance public services with taxes, we redistribute income often in rather unknown ways. A museum that is "free" causes a redistribution of income from the taxpayers to the museum users, and in many cases this is from lower to higher income groups; that is, towards greater inequality. Much unplanned redistribution would be lessened with user charges.

By the same token, to the degree that there is a budget constraint, the more we use user charges for activities for which we do not want to redistribute income, such as a museum, the more we save our scarce tax money to be used explicitly to redistribute income through welfare, education, and so forth. Every time a boat is launched in a marina, free of direct charge, we give up another unit of service from a policeman or a teacher—to use an illustration that spans the political spectrum. If the mayors are right when they argue that the budget constraint is the really binding one—and not other factors, such as lack of knowledge of what to do—then careful attention to tax and user charge policy is critical to local redistribution of income and equal opportunity.

Now, economists, in print, warn each other regularly: don't overstate the degree to which user charges can be employed. I think that's good advice for us to give to each other. But I doubt that's the danger. The danger is rather the underuse of these charges in the real world—the world of local public officials. Economists have constructed an elaborate theory of the public economy in which user charges aren't really very useful, because they constructed a pure public economy where the public takes on only those activities that can't be handled in the market place. Activities that are too lumpy to be priced and sold, services that are designed to redistribute income, and so forth. But local government has taken on many, many "semiproprietary" functions—to use an old term—in the last two or three decades. Increasingly, local government is in the business of recreation, it is in the business of transportation. It is not just protecting persons and property, administering justice, and providing education. Local government has gone well beyond the classic functions. It has gone into many semiproprietary functions for which there is no real reason for redistribution of income, for which charges could be made. I expect this to continue. I expect that local government will increasingly be "going into business."

The ideology of free public service is strong, and I'm aware of the fact that we face a difficult exercise in political economy. In talking to city managers, trying to sell them on the underapplication of user charges, I found that often they would buy the idea, but they

would say, "I don't think that, politically, I could set prices on this marina or that tennis court." Then they think a moment, and they say, "But I think it's possible that if I were to sell the marina to private enterprise, and then regulate their prices, this would be acceptable." It may be that in order to rationalize much of the local public economy there will need to be a shift from public to private ownership. I'm not taking any position at this moment on which activities should be public and which activities should be private. I'm suggesting only that there must be a political-economic strategy here.

Let me push the notion of price just one step further. I think a comprehensive price policy for cities must embrace "factor prices," especially wage rates.

Price Policy for Education

We have had a long hot summer in Detroit, and it wasn't just the riots. We also had a teachers' strike. We have got a settlement now, but I really do not believe that the settlement is especially likely to produce good education, much less equity in education. That is because I don't believe we have a clear, considered wage policy in education, not one that will do what should be done with respect to the metropolitan school system. I would like to see a "price policy" in education which includes higher money wages for teachers in slum schools than those paid in the suburbs, so that the real income would be the same. This has been offered in a number of areas. As I recall, from newspaper accounts, Boston and New York offer a premium of \$1,000 a year to teachers in slum schools. Such offers have been regularly rejected by teacher organizations on the grounds of nominal equality. But nominal equality is not real equality, nonpecuniary returns considered.

Not only should there be price differentials between slums and the suburbs, but I would favor a higher annual income, if not a higher hourly wage, for male teachers because of their higher opportunity cost. If we cannot gracefully arrange higher wage rates for males in schools, then I'd like to provide them with extra work, extra functions, so that they could earn higher annual incomes. Otherwise I do not expect that we will attract males into the educational system in the numbers we need, especially into the ghettos, where the need is greatest.

Again, we ought to provide a higher terminal wage even if it means a lower starting wage. Looking through salary schedules, and schedules proposed by the unions, I find wage rates ranging from "X" to one-and-a-half "X". That is not nearly enough of a spread for a career-earnings pattern. If we are held in check by a very powerful budget constraint, I would lower the beginning wage and raise the terminal wage. I think the present structure induces people to come in quickly for a few years — unmarried girls. The structure I would like to see would say to someone, a prospective teacher: You may start low but you can rise to a decent income, as in other profes-

sional careers. Superficial, naive egalitarianism between novice and journeymen, between the slums and the suburbs, has produced a wage pattern which is inimical to good education.

Finally, I also think that we need a merit system in teaching. I just do not buy the teacher's argument that you just can't reward people on merit in the school system. Suppose General Motors, 10 years ago, had decided it couldn't reward people on the basis of merit. Would they still be in the automobile race? Dumping more money onto the school system, that is, relaxing the budget constraint, isn't enough — and nothing I say here should be taken to make light of the need for more money. We need to plan an explicit set of rewards and penalties in the local public sector, analogous to prices in the private market.

I have taken enough of your time. Let me just add that the price policy that I have in mind would have to be, of course, a developmental price policy. There would be times in which prices should be below cost, because we want to change consumption patterns. We want to induce people to partake of more of a particular service. We may hope that, through time, changes in consumption patterns will lead to changes in taste patterns, and that the citizen-consumers will increase their demand for this service to the point where a self-liquidating price can be charged. Then we can back off, recover our subsidy, and promote some other rent experiment in consumer education.

Yellowstone Park is, I think, a classic example. It was quite proper to subsidize Yellowstone Park in the beginning, under, if you wish, national paternalism. As people grew to like outdoor recreation, now a couple of generations later, we need entrance fees high enough to ration its use to prevent overcrowding, and high enough to be self liquidating. This is not an activity undertaken for the poor, not Yellowstone Park. Now we might take away the subsidy and, with this revolving fund, turn to subsidizing symphonies-on-the-green, or whatever else we think should be a development project. We ought to be using our prices to teach, with some subtle blend of paternalism and humility. We ought to be willing to experiment with developmental pricing, always ready to back off in the long run, whether they take or not. If the paternalism takes, the service can be self liquidating, if it does not, we made a mistake.

I have outlined, in the briefest way, a price policy for cities, but one difficult to implement, because our urban public managers do not receive an education which includes economics in any significant degree. I do not find them thinking in terms of relative prices as I meet them in various places across the country. Very few cities have the post of city economist. We have not staffed local government, or prepared local government officials to "think price."

Thank you.

MR. WOODBURY: Thank you, Mr. Thompson, for a very provocative and interesting discussion of this subject.

Our third speaker is Professor Harvey Brazer¹ of the University of Michigan.

MR. DOUGLAS: May I be permitted to say something about Doctor Brazer. He was in the Treasury for some years, which I think is one of the most sensitive positions that I can conceive of, and he proved himself to be a man of complete integrity, putting the public interest first. He was a man who showed great courage, and who could not be corrupted or intimidated. He and his associates in the world of Washington raised a standard to which the wise and honest could repair.

MR. WOODBURY: Thank you very much. Mr. Brazer, you may proceed.

STATEMENT BY PROF. HARVEY BRAZER

MR. BRAZER: Thank you, Mr. Chairman, Senator Douglas. As both this morning's chairman, and possibly the other members of the Commission fully appreciate, asking a professor to talk for 15 or 20 minutes places him in a very difficult position because he doesn't know how to talk for less than 50. And during the past several weeks, when I've been giving some thought to what I might say this morning, in 15 to 20 minutes, I have found it extremely difficult — as one who has been concerned with urban finance since I first worked with the late Professor Hague in Grand Rapids 15 years ago — to know quite what to do with my time. Nevertheless, I would perhaps waste a minute or so of your time by suggesting that in general I agree with what Wilbur has said about pricing. But as he talked, I thought back to my youth in Montreal, and the cold winter nights when 15 or 20 of us would each chip in a nickel in order to be able to rent the municipal hockey rink for an hour. Of course, if it had snowed, we had the privilege of cleaning the snow off the ice. They didn't charge us extra for that. I also recall my high school days in the same community wherein, every month, we were expected to bring a \$5 bill. This was tuition. This was a public institution. In principle I agree wholeheartedly. I agree, too, that problems develop in knowing where to draw a line between those pricing arrangements that re-allocate resources in a favorable direction, and those that do not.

As I see the crux of urban finance problems now, it seems to me that it lies in large part in the fact that we have permitted individuals to express complete freedom in their choice of location of place of residence and place of business. We have permitted a great deal of discretion to individuals who desire to set up separate jurisdictions outside of the central city, in what is now a vast suburbia and exurbia.

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What this has meant, in part at least, is that the central city has become almost exclusively the place of residence, at least in the Northeast and West in this country, of minorities and underprivileged groups in our society. It has meant that those who had the wherewithal to do so, those whose skin color, creed or religion permitted them free entry to the suburbs, have tended, in vast numbers, to move out of the central city.

Fiscal Inequity: City and Suburbs

There has also been, because of the fragmentation of government in metropolitan areas of the country, a very strong fiscal incentive to move from the central city to the suburb. What you have now is a situation in which poverty in a central city breeds more poverty in the fiscal area. If the individual seeking his own self-interest wishes to minimize his costs—his contribution to the cost of public services in urban communities—it means moving from the central city. The individual is able to escape the high cost imposed on him by government serving the needs of disadvantaged groups who have no choice but to remain in the central city. The high cost of welfare, the high costs of schooling (that should be incurred, and are not always incurred), the high cost that high-density and other factors bring, in the form of police protection, sanitation, various other services—these can, in large part, be escaped by some through moving to the suburbs. The inequities are, I think, obvious, since the opportunity to move clearly is not freely available to all. Also, as industry seeks lower tax costs and the space it needs for modern production methods, it moves to the suburbs. The net result is that the fiscal balance of the central city deteriorates, and those who remain find it even costlier to do so than ever before. The incentive to move out then tends to increase in what appears to be a never-ending spiral.

Several studies done over the course of the last 10 years indicate clearly that as you move from the central city to the suburbs the property tax rate goes down. That is, typically the highest property tax rates are imposed in the core city, and these tend to decline as we move out from that core.

Now, these central cities, therefore, are faced with relatively declining tax bases and at the same time have to face increasing demands for high-cost public services.

Amend Property Tax to Improve Revenue Base

What I want to turn to now is the kind of actions that may be appropriate in efforts to meet the problems faced, particularly by central cities, but without neglecting the suburbs. Most suburbs have their fiscal problems as well. Clearly, as Mr. Rothenberg pointed out, one of the major culprits in this game is the property tax. It doesn't seem to make sense to reward those who permit their property to

deteriorate while penalizing those who improve their property. But this is precisely what a well administered property tax will do.

Now is there any reason for continuing this practice? Well, in most states the law requires that you pursue it because in most states you have constitutional or statutory rules requiring uniformity in assessment and uniformity in tax rates. Pennsylvania is a major exception, with respect to some cities, but in the State of Michigan, there must be levied a uniform tax on all property subject to tax and you have no choice, even by legislation, except to exempt or tax property. Thus, I argue that one important line of action for the people of the various states — perhaps through constitutional amendments where necessary, otherwise by legislation — is to amend the property tax rules to permit the heavier taxation of land and the relief of improvements. This, of course, is an old story that goes back to Henry George and his followers.

One of the major difficulties the property tax imposes is that it provides a bonanza to the community in which businesses choose to locate, often under circumstances in which the industrial or business property is located in one community, and the workers, for whom costly services must be provided, live in another. And in the community of residence the government has no access to the tax base represented by that business or industry. I think therefore that very serious consideration should be given to plans under which residential property would remain subject to local taxation, whereas business and industrial property would be subject to taxation at the state, or at least county level, with the proceeds to be redistributed to local units in response to need.

States' Role in Municipal Fiscal Affairs

Let us turn now to state aid, and the role of the states generally. We have in Michigan one of the major urban industrial states in the Nation. It may be of interest to the Commission, if it is not already aware of it, to know that we are not among the half-dozen states that have a state bureau, office or department of municipal affairs. Governor Romney, in his budget of last January, asked the Legislature to appropriate the magnificent sum of \$170,000 to finance the establishment in the executive office of an office of urban affairs. But the Legislature, in this year of fiscal austerity, decided that the great State of Michigan could not afford the appropriation necessary to even begin to establish an office of municipal affairs, let alone a department of municipal affairs.

If you look at state aid in Michigan, you find that unlike the circumstances that obtain in most other states, as Mr. Rothenberg described them, we do have a substantial amount of money distributed to local governments in an untied form. Currently, some \$9.5 million of our intangible taxes, about \$80 million of the sales tax and — for next year — about \$55 million of the income tax. In

other words, a total of about \$140 million will be distributed, without strings, to local non-school units of government.

Now, on its face, that sounds fine. But the City of Detroit is treated no differently than the rural township. The funds that I described — the \$140 million — are distributed on a pure per capita basis without reference to need, without reference to local fiscal capacity, or anything else. One man, one dollar.

Now, that sounds democratic, but it may not meet our most urgent needs. One might have hoped that the sales tax distribution, which has been in effect since 1946, and the intangible tax distribution, which has been in effect even longer, might have been regarded as an anachronism, and that when the income tax bill was enacted only this last July, the Legislature might have had more sense. But what did they do? They said, we'll distribute 17 percent of the net yield of personal income tax to local government. How will we do it? Half will go to the counties on a per capita basis, half will go to the cities, townships, and villages, on a pure straight, simple democratic per capita basis. So we apparently have learned nothing — at least in Lansing — in the past 20 years on that score at any rate.

We find that the State Legislature, in 1964, took another step backward. The City of Detroit had enacted an income tax — in 1961, I believe it was — and under that income tax all residents paid the tax of 1 percent, and all income earned in the city by a nonresident was similarly taxed at 1 percent. But then you had a big outcry from the suburbs, and this, of course, is where you expect to find it coming from. And as a consequence the Legislature enacted a law which says that the city in which the income is earned may tax non-residents only half as much as residents. This to my mind defeats a large part of the purpose of enabling the central city to recoup what I regard as a major subsidy extracted from it by the suburbs. This subsidy is imposed in large part through zoning, legal, and de facto through the exclusion policies of these suburbs.

Thus the record at the State level is certainly not impressive in this and most other states. I think, however, that the State Legislature may be coming to a greater realization of the need to look at our major urban fiscal problems. The fact that Governor Romney did recommend an appropriation for a department or an office of local affairs, is encouraging, as is the fact that we now have a National Commission on Urban Problems.

An Examination of Federal Tax Sharing

The complement to the question is the role that the Federal Government might assume. And this brings me to one of the hottest topics currently under discussion on the part of public finance experts and others — the so-called Heller plan for tax sharing.

Even among those of us who agree that a Federal tax-sharing plan along Heller, or Heller-Pechman lines, is a fine idea for a number of reasons, there is still a great deal of disagreement on the way in

which the Federal funds should be channeled. There are those of us who have argued that the money ought to go to the states, for use by them as they see fit. There are those who have argued that the money ought to go to the states with specific requirements with regard to redistribution to local units, or to education, or to some other specific local purposes. And there are those who argue further that the money ought not to go to the states at all. They argue that because the most pressing needs are to be found in our urban communities, the Federal Government ought to enter directly into untied grants to local units of government. This, of course, is a refreshing change — at least insofar as there's any official support for it — from the situation of only seven or eight years ago, when a President of the United States saw fit to veto an anti-pollution bill. In any case, it seems to me that the difficulties involved in direct Federal aid to local government somehow would have to be solved before such direct payment could be made.

One of the major difficulties lies in the fact that if you talk about Federal aid in general to cities, for example, what you find when you begin to examine the issue is that New York City is a very different kind of animal from the City of Chicago. What is the City of Chicago, relative to New York? The City of Chicago has the overlying Cook County. The City of Chicago has its various special districts; the City of Chicago has its school districts; and so on. If you were to have the Federal Government distribute, let us say, \$100 per capita to both New York and Chicago, in the case of New York — because the city budget encompasses education, welfare, recreation, sanitation, none of which enter into the Chicago budget — what you'd find is that \$100 would represent about 20 percent of current total per capita expenditures. It would represent about 70 or 80 percent for the City of Chicago.

Now, what is the solution to this kind of problem? Are you going to say, well, then we'll also provide aid to special districts? At last count, I think there were some 17,000 special districts, and they range from volunteer fire protection districts to the Chicago Sanitation District and the Chicago Park District.

This is a real problem. If you say, well, now, let's channel the money to the states, but require that they distribute "X" percent to local units of government, again you have got a problem, because in some states local units of government are responsible for functions costing something like 70 percent of total state-local expenditures, and in other states the number is as low as 30 percent. If you distribute 70 percent, then the local units responsible for only 30 percent of the total costs have a real bonanza, and you are back in the position of many of our Michigan townships — rural ones — that have so much money under our present distribution they literally don't know what to do with it. On the other hand, you are only perhaps just meeting the appropriate share of the cost in other units.

States Appear to Be Best Channel

I have some mistrust of state legislatures, based upon their performance; but it seems to me that the only way in which you can get an appropriate application of funds that might be forthcoming on an untied basis from the Federal Government is to channel these funds to the states. It is only in the state as a whole — when one compares one state with another — that responsibility is found for all functions. I would hate to think that we must write off the states as hopeless. I would hate to think that we need to argue that the states can't be trusted. I would far prefer to believe that the State of Maryland will, in the very near future, recognize that without Baltimore, it's nothing; that the State of Michigan will recognize that without Detroit it isn't very much; and so on through the rest of the states.

I find, in my experience, that the state legislators look better in many, many cases, if not most cases, the closer you get to them. They enjoy a miserable public image, perhaps deserved in many cases. But I find that as I have met an increasing number of such individuals, they look more intelligent, more appealing, more honest, than our newspapers have tended to give them credit for, and I for one believe that somehow we have got to play ball with them. We have got to place a great deal of our hope for the solution of the problems of our cities in our state capitols.

Thank you.

MR. WOODBURY: Well, thank you very much, Mr. Brazier, I'm sure there will be questions for all three of you gentlemen. I will call on Senator Douglas to start off.

QUESTIONS BY COMMISSION MEMBERS

What Kind of Land Tax?

MR. DOUGLAS: *Thank you. It has been said that the land in this country is increasing most rapidly in value and that this value is created primarily because of an increase in population.*

I'd like to ask these gentlemen — Mr. Brazier could lead off — whether they would favor a differential tax with a higher rate of taxation upon the bare land values than upon the building improvements? And would they also favor a proportionate tax on the increase in bare land value over time? Mr. Brazier?

MR. BRAZIER: In general, I would heartily endorse the proposal that land be taxed substantially more heavily than improvements for a number of reasons. One reason is that, in large part, our urban public services are land-serving services. This is most obviously true in the case of local streets, roads, and so forth, the purpose of which are to provide access to land.

But I think the major reason for my enthusiasm for this proposal lies in the fact that the property tax imposes a large additional cost on both the use of land and on the use of capital improvements to the land. Now, the difference in the impact of the tax, however, on the two elements of real property is very great, because there is no question that however high the tax on land is, its use may be changed, but it's not going to disappear. Land, in a general sense, is fixed in supply, and, to at least a very large extent, the economic consequences of its taxation under the property tax are very different from those resulting from the imposition of the tax on the improvement. As I say, here the major influence will be seen in the use to which the land may be put. And one way in which the use of the land in its highest and best use can be encouraged is through a well-devised system of land taxation.

On the other hand, in the case of improvements, a high tax may result in the disappearance of these improvements; I mean they are not necessarily torn down, but their values disappear. I pointed out earlier that the tax on improvements encourages the substitution of alternatives to such capital improvements, and certainly provides some landlords, for example, with a strong reason for not improving their property.

On the second part of the question, I think that many of the difficulties in our urban communities can be traced to our willingness to extend untrampled property rights to rights in land. Since the way in which the land is used by an individual property owner has extremely important consequences for his neighbors, and for the community as a whole, we tend to restrict this use somewhat through zoning laws. But if we can restrict the use of land, and put a constraint on ownership rights through zoning laws, it seems to me it may also follow that we would be justified in going further, and at least denying the owner of land a part or all of the increment in value of that land to which he himself contributes nothing, but which is attributable in its entirety to the growth of population, to the concentration of industry and wealth in the urban community, and so on.

If there ever is an unearned increment, if there ever is in our economy and our society, a source of windfall gain to the earning of which the individual landowner contributes nothing, it is found in the case of gains realized on the increase in land value. Thus I agree with Senator Douglas; or in answer to his question, rather, I would say I would certainly favor the tax on unearned increment, on the value of land. We might argue as to how high that tax ought to be. I would begin with the presumption that it ought to be 100 percent, and I would back down only if on investigation it was found that some consequence of a tax at that rate might be undesirable. At this time, at this point, I'm not sure it would be.

MR. DOUGLAS: *I wonder if Mr. Thompson would respond?*

Taxing Ability to Pay or Benefits

MR. THOMPSON: I think you have one of the best illustrations of an implicit price, because the tax — the property tax — is both a source of funds and a price. The answer is difficult, because we never really decided whether the property tax was an ability-to-pay or a benefits tax. If it's an ability-to-pay tax, then I would of course agree that the unearned increment in land values from the growth of a city represents the highest kind of ability-to-pay, the least detrimental to incentives, motivation, and so forth.

Now, if it's a benefits tax, then it becomes a question of assigning the benefit. Professor Brazer's already mentioned that many public services are extended to land — such as streets — but then others are extended to buildings — such as fire protection — and one has to sort out the actual services rendered as reflected in the values, and so forth. But again I would be inclined to look at the tax more as the ability-to-pay form, and lean more towards heavy taxation on land and light taxation on buildings.

Now, that's from the equity standpoint in great measure.

From an efficiency standpoint, it's the price. What we have done is, we have said that the price of holding land speculatively at the edge of the city is very low because of the tax on rural land held nominally for farm purposes — falsely for farm purposes — is very low. Therefore, the near-in landowner can hold on, forcing the city to jump this land with pipes, wires, rails, and so forth, so that to that degree, social costs are forced upon the urban area, and we are inefficient. We have to run these facilities farther than other ones; so that if we could somehow impute these costs to the people who have forced us to leap over them, you know, one could rationalize, and come out with substantially the same conclusion.

Municipal Land Investment for Speculation

I would like to mention, though, there are some alternatives here. I don't know whether alternatives are complementary. I can imagine urban areas speculating in land as an alternative, or as a complementary approach: school districts buying land in anticipation of future needs. Now they buy it so it will be there; but they also, I suppose, buy it because they hope the price is a little higher later if they acquire it early. In a way the school district is almost protective, because a residential subdivider could not hope to market his product without leaving room for a school, so even if the school districts aren't very far-sighted, they end up usually not being seriously disadvantaged.

Other aspects of government would do well, I think, to buy land in advance. And I'm at a loss, except for political reasons, to know why we don't do this, because all the arguments of economic efficiency are on the side of doing it. The public economy can borrow at lower rate of cost than private investment, and could therefore

buy and hold land. The public economy controls the direction of investment. It can make its dreams come true, if you wish, with lower-cost sources of funds for the holding of land for future needs, with the ability to control the physical development of the land area so that it's being held in the right place — in a sense, have the cards stacked in its favor. I use this argument at times, and then I've had the criticism that that's the problem — that it's an unfair gain — but I fail to understand where society, in a sense, is cheating, you know, by recapturing the cost of its own investments.

MR. BRAZER: May I just add one note to that. There is something you may overlook; that is the importance of budget constraints under which these local governments operate. It's not easy to go out and buy a hundred million dollars worth of land and find three or four million dollars a year for interest, plus another three or five million a year for amortization. That's six million dollars a year that you have to find in tax money.

MR. THOMPSON: I know. I was talking about borrowing, though. I know there are definite limitations.

MR. BRAZER: I'm talking about borrowing. But I say if you borrow a hundred million dollars, the annual costs of the debt will run, including the amortization, somewhere around six, seven million dollars a year, and there's an important budget constraint.

MR. THOMPSON: You're referring to a liquidity problem, because I'm anticipating that the increase in the value of the land will be greater, much greater, than the annual interest costs through time. Certainly, there is a liquidity problem during the period of holding the land, and this must be provided for. The Swedish towns do own and control the land surrounding the town, and they realize it, and pattern it for the best interests of the whole community.

MR. BRAZER: Well, then, this involves stating specifically when you go to the people in a referendum, that the reason you want to issue the bonds is so that you can buy land for speculative purposes.

MR. THOMPSON: We may want to buy land in advance of a specific public purpose, to control development in a general sense.

MR. BRAZER: But if it's in advance of public purposes, then you're not free to sell it in order to realize the gain with which to service the debt. You can't have it both ways.

MR. THOMPSON: I agree with you. We can either save on future land costs or we can make a few dollars on capital gains, but not both.

MR. WOODBURY: Do you have something on that, Mr. Rothenberg?

MR. ROTHENBERG: On grounds of equity, and as an incentive for urban renewal, I think a very strong case can be made for site value taxation. There has been no real support for it, however, among state legislatures. The Pittsburgh experience dates back to the 1920's; it just hasn't caught on. It has not been recommended in recent state tax studies, and there is strong opposition from the property assessors.

MR. WOODBURY: *But the Pittsburgh experience is pretty limited.*

The school district is not under that, its tax rate on land is the same as on buildings, so we have a differential of only —

MR. ROTHENBERG: But this is the only instance we have in the entire country, and over the past four decades it has not spread.

MR. DOUGLAS: *This may be an embarrassing question. And don't feel obligated to answer it. But if the political difficulty could be removed — namely, getting legislatures to act in this matter — would you approve of this? And do you see any insuperable administrative difficulties?*

MR. ROTHENBERG: My own inclination is that this would be desirable. Again, I think it would contribute to urban renewal. But from the point of practicality, it would be very difficult to remove the political objections to it.

Land-Value Taxation Pro and Con

MR. BAKER: *First of all, on the question of imposing a tax on the increment land value, I'm not sure whether the two of you were talking about the same type of tax. Isn't it accurate to say that if the property tax is administered properly an increment in value will result in a higher tax because of the higher assessment? I wonder if Senator Douglas wasn't referring, not just to the property tax, but to an income tax. And leaving out the question of the difficulty of administering a tax, or of attributing to the owner of land the income resulting from appreciation of land value, is it right and proper to impose a tax where there's no realization of income, where there's no taxable rent?*

Second, I feel compelled to say that there is considerable merit on the side of imposing a higher tax on suburban land. But I really don't see the relevance of this to the slum problem, where placing a higher tax on land value, it seems to me, will have absolutely no effect whatsoever on the improvement of slum property or land located within slum areas. The chief reason that slum property isn't renewed, or land in the slum area isn't improved considerably, is because of the cost of doing so. And the fact that the product stays unmarketable in that area; the costs of construction, in fact, are such that the community can't afford to pay the economic rent for the space it's created. Differentiating tax rates, it seems to me, will not have any effect on the question of slum property, and I don't know how you could have a theory of taxation that therefore differentiates between slum property and suburban land, if you will.

I'd appreciate comments from any one of you, or all of you, on that.

MR. BRAZER: To look at the slum problem first: Presumably a prospective builder or rebuilders of the property in the slum area computes his capital costs and estimated future operating costs. The capital costs consist primarily of the cost of land and the cost of construction. And the very important element in the operational costs is the property tax on improvements. Therefore, if you untax or reduce the tax on improvements, you reduce the costs that must be

met out of future rents on those improvements. If you impose a higher tax on land — since land is in fixed supply — the effect of that higher tax, according to generally accepted economic reasoning, is likely to be a reduction in the market value of that land; the consequence of that then is that the capital cost to the potential builder is lower than it would otherwise have been.

Now, it seems to me, therefore, that when you take both of these factors into account, it's difficult to deny that rebuilding of slum areas would be more economically attractive than it is under present circumstances. I assume that the potential builder makes his decision on the basis of the cost he must incur relative to the earnings he can expect.

MR. WOODBURY: *May I interrupt you for a second. Are we talking under the assumption that the total tax paid on both land and improvements is the same under a differential system, so that the yield to the city is identical in both situations?*

MR. BRAZER: Not necessarily. For one thing, even if the overall property tax taken for the community as a whole might remain the same if you tax land higher and buildings at a lower level, the distribution among the parcels of property would be different. And it's quite conceivable that the kind of property we are talking about now might bear a lower tax relative to property in other areas.

I would also prefer, and urge, of course, that a very substantial portion of the property tax be replaced by taxes that would come closer to representing the measure of people's ability to support government, primarily in the form of an income tax.

MR. BAKER: *I respectfully suggest that if you start talking about the central city, you have to take into account the increasing discrepancy between the relative cost of the improvement compared to the cost of the land. I don't think land cost is nearly the factor it once was, or that it is in suburban development, in terms of affecting the decision as to how land is going to be improved. I think the cost of improvement is much more significant, and I just don't understand how a differential tax rate will really be effective in the decision to build in slum areas. I'm not talking about public decisions now, but private decisions.*

MR. THOMPSON: The property tax has been held partly responsible for both sprawl and slums, you know. In the sprawl problem the difficulty has been that the land wasn't assessed at value, if it was held nominally for rural purposes, even though surrounding land was steadily being marketed for residential purposes. It's quite possible to have a plot next to you go for \$4,000 an acre and yours still being held at \$300 because nominally you're still a farmer, so that, you see, you are not being taxed.

Now, a little later, when you sell the piece of property, it goes from \$300 to \$3,000 an acre, and at that time the property tax begins to take effect — the true valuation, perhaps. But for that period of speculative holding, it was on the book at \$300 an acre, even though property all around you was being sold for \$4,000.

Now, if we would come in and assess near-in residential land — land that's about to become residential at its market value — then we would force these people to turn it over for residential use, roughly in the spatial order of expansion outward. But we don't do this.

MR. BRAZER: It certainly would reduce the price of land in suburban areas because of a larger supply.

MR. THOMPSON: We would do something more. It would mean that our cities would develop a little more continuously outward, and we wouldn't have to be jumping over large plots of land with pipes, wires, and so forth, expensively. That's the leap-frog or sprawl argument.

There's another point to be made: It isn't true that even if a piece of land were assessed at \$3,000 an acre, and then it went up to \$6,000, you would find your tax doubled. But some people would argue that this extra \$3,000 was wholly unearned income and should be treated differently than a man's income out of wages which goes from \$3,000 to \$6,000.

Now again, this is a different argument, in terms of earned and unearned income. Shouldn't we treat a wage increase from three to six thousand, and a land price increase from three to six thousand differently under taxation? Those are some of the separate points, not all related to each other.

On the slum problem, I'm not quite so clear. To the degree that we could shift a total tax take off buildings and more on to land, I do think we would probably lower the price of slum housing, and we would also take away the disincentives to keep property up. Right now, you let property run down and your tax bills fall. But if more of the tax were on the land, this would not be true. There wouldn't be that same reverse action. However, I believe this would probably not operate as a major factor in the cost of slum housing. I think the so-called white noose — the artificially constricted supply of housing for the low-income group, especially the Negro — really is what produces high prices more than anything else; so that we have, in a sense, a dual economy. We have a very great, quite elastic, supply of land and housing in one part of the economy, and quite inelastic, almost fixed supplies of housing in another part of the community. I also agree that to say that our present practice is to produce high-priced housing in the slum is not necessarily to say that to change the tax impact will make the central city renew itself — because you have to tear those things down. That's expensive, and the neighborhood is deteriorating, and there's not as much reason to go back in any more. It's quite different to say that we have produced slums with certain policies than saying that if we reverse this policy, we would necessarily rebuild the city.

Tax Abatements to Encourage Housing

MR. BAKER: *I don't want to pursue this too long. I have a couple of other questions that I'd like to ask, if I may.*

An increasing number of jurisdictions are passing legislation that would permit cities to grant some form of tax abatement, or exemption, on property tax, in order to produce housing at lower rates—usually for programs such as the 221(d)(3) program that are either nonprofit or limited dividend programs. In some cases, there's talk about similar legislation to induce property to be financed for industrial purposes, for job-creation purposes, in the central cities as well. I'd like to ask two questions that are raised by this. One, since the city, in effect, by exempting a particular piece of property from tax, is losing revenue, relatively how much depends on what the yield was before the project went up. In your mind, in view of the fact that our cities can't finance all their services anyway, does it make more sense for the city to reduce the cost of housing to the consumer through the real estate or property tax exemption, or does it make more sense to increase the Federal subsidy? Which, if any, is the most preferable way of subsidizing the housing from an economist's point of view?

MR. BRAZER: Neither. A preferred action is to increase the incomes of people involved, so that they can afford to buy or rent housing at its market value.

MR. BAKER: *I think we are all agreed to that, but we'll have to fatten our society.*

MR. THOMPSON: I have to think about that a little, to be clear. We could lower the cost of housing by some, to the consumer, by local property tax abatements of some kind, or decreases, or we could have Federal —

MR. BAKER: — or assume you want to achieve a certain rent level, a certain cost to the consumer. You can achieve that through direct subsidy, by capital contribution to the cost, a reduction of first cost, or you can achieve it by property tax exemption. New Jersey just passed legislation in this direction. New York has had it for years. Missouri has it. I know a couple other states have it as well—I'm not sure which—to bring the cost of housing down. The question is, is it more preferable to have the city absorb this, if I may say, necessary subsidy in a short-term action, or is it more desirable to have the Federal Government pick up that subsidy through some other mechanisms that are preferable?

MR. THOMPSON: But preferable to whom? To the person living in the house, or to the government involved?

MR. BAKER: Well, from the public point of view. Obviously it involves the whole allocation. If the city loses tax revenues, presumably the Federal Government will have to make it up in the long run—make it up by increasing contributions, no matter what form they take—either by grants or specific appropriations.

This may not even be a relevant question, but I know people in the cities are extremely concerned about it: I have seen one proposal—I don't think it's been introduced in Congress but people are talking about it—whereby legislation would authorize the Department of Housing and Urban Development to make an annual grant to cities equal to their loss of revenue from the property taxes they

are abating. Then the city could provide the needed housing without a loss in revenue.

MR. BRAZER: The difficulty of using the property tax mechanism as a subsidy through exemption, it seems to me, is that it's, for one thing, a very imperfect mechanism. Some parts of the housing — that is the improvement on the land — are subject to taxes, and therefore are subsidized in some form, particularly if there are furnishings and things of that kind, which are usually not taxed; so that in this sense it's somewhat imperfect.

I would not propose the exemption route if it were to be locally financed, because it would mean that either of two things would happen. Either property taxes elsewhere within the community would have to be higher, or services already starved would have to be starved further. Since the property tax is a highly regressive tax, and since the property tax in general has been properly described as the worst tax ever invented by man, I would not favor the exemption route if that exemption meant higher taxes on other properties in the community. I would favor, rather, a Federal subsidy, partly on the grounds that this would be financed out of the Federal progressive tax structure. I would also favor the Federal subsidy on the grounds that it would recognize the fact that the problems of our inner cities throughout the Nation are not local problems. They are of concern to the Nation as a whole, and this should be given recognition through Federal subsidy.

MR. ROTHENBERG: One of the primary difficulties facing the cities is a constantly shrinking tax base; abatements would be another step in that direction. They would, as Professor Brazer has said, contribute to higher property taxes; and this would lead to further demands for property tax relief.

MR. BAKER: *I have one more question. I'm talking here about a subject I know absolutely nothing about. So if it's an irrelevant question, don't hesitate to tell me so.*

Because of the increasing attention to all the problems of the central city including the physical environment, and the increasing contribution of the Federal Government to the improvement of this environment, is it relevant to question whether or not there is a distinction between capital expenditures and operating expenses in the Federal budget, which I gather has never been acknowledged? Is this something that should be seriously looked into by the Federal Government in light of the fact that, in some form or another, it is, in effect, paying or contributing to the cost of capital improvements? I don't know if my question is clear.

MR. BRAZER: I think the question is clear enough. I'm not sure what relevancy it has for urban fiscal problems, but I would say that I would not favor any delineation between capital and other expenditures in the Federal budget, partly because of the difficulty in drawing a line of distinction between them. Congress in recent years — perhaps rightly, perhaps wrongly — has attempted to look upon expenditures for education as investment expenditures. Investment

takes more forms than the acquisition of structures. Investment is a nebulous term that has some usefulness for the purpose of private business accounting. It has some useful purposes for social or national income accounting. And it has some usefulness too in the case of the smaller local communities where the investment process is a discontinuing lumpy kind of process.

In the case of the Federal Government I see no particular purpose to be served in distinguishing between investment and noninvestment expenditures, even if one could draw the line. In the case of the Federal Government, investment is going on all the time. It's not a lumpy process; it's a continuous one. And there are so many uncertainties that arise that you never know whether an investment expenditure is going to, in fact, be an investment expenditure or not. We spent hundreds of millions of dollars establishing a DEW line [Distant Early Warning] only a very few years ago, and just an even shorter time ago, of course, we abandoned it.

Now, this would require some adjustment, presumably, in the future budget, and I don't know what purpose it would serve. If you feel that you can justify a larger total budget through distinguishing between capital and operating expenditures, and if you favor a larger total budget, then you may regard it as a useful device for hoodwinking the Congress. But otherwise I see no useful purpose in it. I don't think that the distinction can usually be drawn. I think that welfare expenditures may be a very important investment in future generations — investment here meaning expenditure designed to produce income or to yield fruits in later years. I think almost any of our public expenditures, with possible exceptions like agriculture price supports, might be put in that category.

The Factor of Property Tax Administration

MR. O'NEILL: *I need to be educated a little bit.*

In this area of land taxation, if under an ideal situation a property tax is levied equitably and ideally — I know that doesn't exist — I understand it to be a tax on realty. And realty is composed of three items: the land, the improvement, and the income generation.

MR. BRAZER: May I ask, Mr. O'Neill, are you from New York, Pennsylvania, or Delaware?

MR. O'NEILL: *New York.*

MR. BRAZER: Well, the reason I ask is that these three states, the last time I looked, were the only ones in which the property tax —

MR. O'NEILL: *And Hawaii.*

MR. BRAZER: And Hawaii, the only four states in which the property tax is in fact a tax only on real property. A very important element in the tax, in Michigan, for example, is taxable personal property primarily in the form of business machinery, equipment, and inventories.

MR. O'NEILL: *But from a discussion yesterday afternoon about property tax in Michigan, I got the clear indication that the tax-*

assessing officer tried to account for land and improvements, and maybe, without specifying it, also income generation with the improvement.

MR. BRAZER: With respect to real property, yes. But in Wayne County — I don't have a precise figure at hand — my guess would be something like a quarter to a third of total assessments are on taxable personal or movable property — not real estate alone.

MR. O'NEILL: *But what I'm talking about is real property, and I consider three elements in real property now. It's the business of the community that gives value to the land. The community around the land gives great value to the land. The community also gives great value to the improvements. If you put a \$50 million skyscraper up in the middle of North Dakota plains, it's not worth a nickel. The community also makes possible the income generation, so that community has given the land whatever value it has. This also goes for the improvements and the income generation created by the improvements. It all depends on the community around it; so I don't see how the argument that the land is more important than the improvement holds up.*

MR. BRAZER: The land was there when the Indians were here, and the improvement wasn't.

MR. O'NEILL: *Without the improvements when the Indians were there, the land wasn't worth anything.*

MR. BRAZER: The improvements would not have been put up if only Indians were there.

MR. O'NEILL: *Right.*

MR. BRAZER: And therefore you have to have a market for the services provided by the improvement before anyone is going to invest in the improvement. This is not true, in the same sense, of land. In other words, a high tax may discourage the appearance of improvements. A high tax will not discourage the existence of the land. That's the basis.

MR. O'NEILL: *Yes, that is true in some instances.*

Now, Mr. Thompson gave the example of a piece of acreage that was assessed and probably appraised at \$300 an acre, and surrounding it is land at \$4,000 an acre. Now, if the property tax were levied equitably, that raw land would go on the tax rolls at \$4,000 an acre, not \$300. That has nothing to do with site value taxation. It's the tax office assessing equitably and this is a matter of assessment. Sure, a lot of raw land is underassessed, but that's simply bad tax administration.

Now, what if you did tax the land at a higher rate than you tax the improvement? If you consider the income generation experience to date, I think it indicates that in slum areas the city becomes the landlord. There are no improvements made. New York City owns 2,600 brownstones because whoever owned them, whether they were absentee owner or present owners, had to give them up. With a confiscatory tax, they couldn't afford to stay there.

Now, what would a land tax like this do to the small landowner? I'm considering a retired couple who own a little lot on the edge of town, but it's near something, and all of a sudden they lose their land, and small landholders like homeowners in slum areas can lose everything they have with a land tax. Big landholders like Crocker and Rockefeller, and so forth — they can afford to hold still for the tab. They can pay the tab, so I think this would work against the small truck farmer on the outskirts of town — throw him off his land and throw the small landholder out. How about that?

MR. BRAZER: Are you talking about the tax on land-value increment?

MR. O'NEILL: *Yes, if you said we'll double the real market value of the land and tax it at that rate, I think that you'd do terrific damage to all the small landholders. What my basic argument is, that if you levy the tax equitably, you have to put things at their market value, and there's no formula for market value.*

Now, the market value can be established by a local board of realtors and the tax assessor, and they will take into consideration land, improvements and income generation — all three of which exist only because of the community around them. And I don't think you can write a formula for market value.

MR. ROTHENBERG: Well, the assessment may or may not include income generation.

MR. O'NEILL: *Yes, but if the assessor's smart, he does. That's what they do in the middle of New York City.*

MR. THOMPSON: We all use color words, but I object to the color words that these people were "losing their land." What really was happening is the market was bidding the price up, shifting the land into another use at the new high price. In a sense, they were being forced to trade homeownership on a particular piece of land to a building developer who would put a skyscraper there.

MR. O'NEILL: *They get their money for it, but does that money supply them for the rest of their life in some other way, in some other place?*

MR. THOMPSON: You have been using the word valuation a great deal, and this comes out of the market process. The market is making a judgment as to the highest use of that land, and the market has just changed the highest use from residential to commercial.

Now, there's no doubt that a market-directed system, which quickly transmits change, is going to impose costs of adjusting to it. Jobs were lost when expressways came through. Change has to occur, and adaptation to it is difficult. I agree with you that it is very likely that residential uses will be pushed out of many areas, and that means people will be pushed out of homes in those areas. There is a human aspect to all this. We do have to decide when to use a market system which has certain virtues, but which is indifferent to many social and personal problems; and when to suspend the market system.

MR. O'NEILL: *We do have the system at hand to do this properly, but we don't use it properly. The fault in the property taxation is, number one, as you point out, there is no price policy. It just doesn't take into account that we have to have user-charges in addition. The fault of property taxation is in its administration.*

MR. THOMPSON: All I was saying in the first instance was that the tax assessor should have treated this particular piece of fringe area land as urban rather than agricultural land, and raised it from \$300 to \$4,000. But there is a second question you can't completely dodge: Does that person deserve the increment in value from \$300 to \$4,000? That question has been raised here. Now, we are getting into the concepts of ability to pay and earned income, quite apart from problems of tax administration. And we really have to handle both problems. I think we should start reassessing fringe area land that is speculatively held —

MR. O'NEILL: *At market value.*

MR. THOMPSON: That's right. But that still doesn't answer the ethical question of earned versus unearned income through capital gains in land.

MR. BRAZER: Keep in mind that the law in some states won't permit you to tax or assess land actually in agricultural use as residential or urban land. The Maryland Legislature, as I recall, passed a law within the last couple of years requiring that land used in agriculture be assessed accordingly.

MR. ROTHENBERG: A number of states have, as a matter of public policy, decided that it's desirable to keep land in agricultural use as long as possible, and that the farmer should not be penalized because of the rise in value of adjacent residential property.

MR. O'NEILL: *This is very much a crisis in Orange County, California, where down in dairy valley they have all these cows on \$33,000-an-acre land, surrounded by residential development. Now, if that land were put in at its real value so that they'd have to take those cows out of the San Bernadino Valley —*

MR. THOMPSON: May I just take issue with you with one other point in economics? You had a building down in the center of town increasing in value because the city was growing. I will argue that only the site is increasing in value and that the building is only worth its replacement cost. If there were another site equally good across the street, or around the corner, then that \$1 million-building is only worth \$1 million if I can put up a new one for that cost. That is all it's worth. If, however, there is no other nearby place on which to put this building, the special value really lies in its unique location on the earth's surface, the special position. It is really that land site that gives the building its \$4 million value, even though it only cost \$1 million to put it up.

MR. O'NEILL: *I'd like to point out I'm not an economist. Like Henry George, I'm only a journalist.*

Distortion in Urban Renewal

MR. DEGROVE: *I'd like to repeat the old saying, that where there are two or more economists, you have three or more opinions, but you gentlemen don't seem to fall in that category, although the panel seems to have some differences with you.*

I would like to ask something that will shift the focus a little bit. We have looked at urban renewal projects all over the country and, typically, the programs seem to have suffered some more or less severe distortion in terms of the new users of the land, if one assumes that a major purpose of the program was to help provide better housing for people who lived in the areas in the first place. Would you agree with what seems to be a rather obvious source of this distortion — if it is one — is the desire of the central city, faced with a very limited, restricted, and sometimes shrinking, tax base, to see that that land is reused in major income-generation categories? And that these pressures are so severe that if we don't manage somehow to relieve the tax problems of the cities, the urban renewal program will continue to be distorted, because the cities otherwise have such a desperate need to put highrise, commercial, high-income apartment projects on urban renewal land, in contrast to the amount of 221(d)(3) housing or public housing a city feels that it can "afford" to put on its renewal land?

MR. BRAZER: Well, personally I think the basic part of the housing problem for central cities has to be solved through creating open access to all communities, to all people within metropolitan areas. But as an economist I would suggest that if your urban renewal projects — whether they be public or private — are going up on land worth \$30,000 or \$100,000 an acre, it doesn't make much sense to put up garden apartments. That land is simply too valuable for alternative uses; and so this almost requires a high-density use. It seems to me that the value of such centrally located land might well fall, and fall quite sharply, if the residents of the central city all have the option of living wheresoever they please within the metropolitan area. And I think that becomes increasingly important too, as public transportation gets into more and more difficulty, and as an increasing number of the jobs available to the residents of the central city can be found only in the suburbs. And of course you have a transportation system, as several people have pointed out, that is designed to bring people from the suburbs to the city. It doesn't work so well at the appropriate rush hours, but I don't think you can disentangle these situations. They are all part of one.

MR. DEGROVE: *It's all very well and certainly I thoroughly agree, to say that we ought to be able to locate people without regard to race, creed, or color, throughout the whole metropolitan area. Unfortunately, we can't. In the meantime we have the problem of how to try to improve their living situation.*

MR. BRAZER: But I don't think the way to improve is to build new slums to replace old ones.

MR. DEGROVE: *Well, it depends on how you define slums. You say that you are building new ghettos. I'm not sure we shouldn't make a distinction between slums and ghettos. Admittedly this is, in my viewpoint, far from ideal — but, assuming that we need to do something now about housing for low-income people, it seems to me that some of the social purposes in the urban renewal program are going to have to be given more attention even at the cost of putting up some housing facilities where "highest and best use" might not allow it.*

MR. BRAZER: *I only urge that that's a very, very costly way to do it, and I think we have only very limited financial and economic resources with which to achieve some very important ends. We need to economize in the use of those resources. And as I stated earlier, putting up garden apartments on \$100,000-an-acre land does not make economic use of these resources.*

MR. DEGROVE: *That's true, until you assess the alternatives and the possibilities that are going to occur. I was very interested in your assessment of the state legislatures. I, on this, without any hesitation, Professor Brazer, agree with you. I think state legislatures, even in the past, have often been better than they have been given credit for. And I try very hard to discover hopeful signs in the behavior of the state legislatures. And I sometimes manage to produce a little, although mainly I get a kind of a despairing note, that while reapportionment only replaces the rural people with even more hostile groups vis a vis the central cities — the suburban representatives. On the other hand, we do see some hopeful signs, some new things coming out of the state legislatures for whatever reason, whether it can be attributed to reapportionment or not, and I take it you see this in the Michigan legislature.*

MR. BRAZER: *I do. And I say that my experience in two years in Washington, observing closely particularly the House Ways and Means Committee, and the Senate Finance Committee, made clear to me that not all wisdom resides in Washington, in contrast to the state capitols, nor do all the worst types of legislators only exist in the states' capitols, and not Washington.*

MR. WOODBURY: *The clock says 12; our luncheon is scheduled at 12:15, but it's here on the campus, I understand; so let's try to wind it up now in another 10 minutes. Mayor Vandergriff?*

Realities of Politics

MR. VANDERGRIFF: *I will do my part. I simply want to ask a couple of brief questions.*

The first, I must admit is in a rather unstatesmanlike vein, but I'm a political animal and my question is really one in which I would like for you not to indulge in theory but rather in some factual reporting. Let me hasten to say that there was so much said this morning with which I'm totally in agreement. I like the idea of a greater dependence upon user fees, and the idea of paying school teachers in

the slum areas more because they deserve more than they do in some of the suburban communities, if we are going to try to equalize educational opportunities. I like the idea of greater dependence upon land value. I like all of these things. But this comes to my question: As we traveled about the country this year, I found an alarming number of local governmental leaders with whose ideas I have been generally agreed, and yet many of these men are not even running for re-election, much less having hope of winning re-election. In other words, I would feel that generally they have known what was best for the people, judging from my being familiar with their ideas. And yet the people's votes don't seem to indicate that the people believe that they know what's best for them — the politicians, I mean.

Now, what I'm asking is this: Do you know of any dramatic or recent examples where local governmental leaders have either advocated or put into effect some of these very, very good ideas that you gentlemen have been advancing for us today? And if so, what has happened to them at the ballot box?

MR. BRAZER: Well, I can tell you about the Mayor of Flint. He strongly supported an income tax ordinance. The income tax ordinance passed and he was subsequently defeated in the next election. On the other hand, in the case of Mayor Cavanagh, it was passed early in his first administration. The income tax ordinance was passed in Detroit with his support, and he still lives politically. I think the experience is there, obviously. I don't know that there have been any political upheavals in the seven or eight other — six or seven other — Michigan cities that have enacted income taxes.

There is a movement afoot, I understand, on the part of some members of the State Legislature to get an appropriation from the State, specifically to aid education in the inner city. Now, how successful that will be, we don't really know yet, but I see hope that people can do the right thing and gain popular support through doing it.

What I would quarrel with in your statement is that anybody, other than the people, knows what's best for them. Perhaps in some cases, at least, the judgment as to what was best for the people was either wrong or premature. Perhaps there is a cultural lag under which it takes the general population longer to learn what is best for them than it does for mayors to learn.

MR. VANDERGRIFF: *Exactly. I'm not disagreeing with that at all. The people have to be ultimately decision makers, but what I'm interested in, of course, is keeping those mayors and those people as much attuned, one to the other, as possible, and somehow we've been out of tune of late, it seems, or many people —*

MR. BRAZER: It always seems to me the function of leadership is to lead and not to follow. And political leadership must attempt to educate and inform, and so forth, and this is risky.

MR. VANDERGRIFF: *Well, it's a rather lonely place, and of course I want to lead too, but I want also to stay in office. And somehow if I get too far out in front of the people, then they are not going to*

benefit from my leadership however enlightened it might be. But what about you other gentlemen? I'm speaking now more particularly of user-fees, and on greater dependency in taxation upon land values rather than upon improvement values.

Failure of Mass Media to Educate the Public

MR. THOMPSON: I don't have too many, you know, very dramatic illustrations of implementation of some of the ideas I have been talking about. But let me approach it. I don't know as I'm quite as sanguine as you are about the technical capability of local public officials, particularly in matters of economics, but I'll waive that for the minute now. Again, I could turn the question around and ask you to give me your reactions as to whether there's a felt need for city economics, you know, and professional salaries, and so on and so forth.

Let me waive that for the moment and proceed to the next level, which is that even if we had the technical capabilities, we'd have to communicate this to the public. And I think our newspapers are doing a very poor job. I think the newspapers consider that a color photograph of a new bank building downtown, or a narrative on how the welfare family lives on \$37 a week is sort of doing their duty by the urban problem. I don't believe that the newspapers themselves have the technical capabilities to pose the questions crisply, maturely, and incisively, so that the public can make explicit decisions. I don't think that this welfare account is a substitute for going to the public through the newspapers or television stations, and saying to them: These are the long-run implications of residential areas clustered by social and economic class when played out to great scale, crossing political boundaries, etcetera, etcetera. That is, given this development that is occurring, we are facing a choice of either breaking this residential pattern, going to metro government, or turning to the central government for aid, losing localism. You know, I don't think we pose that. We don't say to the people clearly: You cannot live clustered by social and economic class, have small government, and have local government. You can't have all three of those. Now, don't pretend you can have all three. The papers should be saying to the people: Which will you give up? Will you agree to desegregate yourselves? Will you go to metro? Or are you prepared to accept the monolithic colossus on the Potomac? These should be posed in the Sunday supplement words. And I don't think that we quite understand the question at the official level. I don't think we present it clearly, so that the public can maturely make an explicit decision. And I hold the newspapers accountable, in part.

MR. BRAZER: I just might add to that, if the Commission does nothing more, it might recommend strongly that substantial funds be made available for the training of people competent to deal effectively with the economic, social, political, and other aspects of urban life. One of the things that frightens me most now is that

the Congress is intent on shoving millions of dollars into HUD for research, and we don't have the trained people to conduct that research competently.

MR. VANDERGRIFF: *I thank you so much for your answer to the question.*

MR. ROTHENBERG: I can't answer the question with respect to user charges, but there are many instances where voters have gone to the polls and approved sales taxes. In Oklahoma, Tennessee, and Wyoming, local sales taxes have become statewide after approval at the polls. Here in Michigan, in quite a number of instances, local income taxes have been approved by the voters. At the state level, voters in Massachusetts last November approved a sales tax by a four-to-one margin and in Idaho voters took similar action. Politically there are any number of instances at the state level where major revenue programs have been adopted, and the administrations responsible for them have been returned to office. So perhaps this feeling that the public is so completely opposed to taxes is not exactly representative.

MR. VANDERGRIFF: *Or tax adjustment?*

MR. ROTHENBERG: Yes.

MR. WOODBURY: I would close with not another question but a comment. And that would be to Mr. Brazer, and to my colleague John DeGrove. I sympathize with your point and I wish I could see more hope in the state legislature than I have seen to date. But frankly, Professor Brazer, as you said, the problems of the city are national problems—I believe those were the words you used. And for that reason I must say that I have found far greater sympathy at the national level with the problems of cities than I have in the state legislatures. But I'll keep looking. If you gentlemen have seen some glimpses of hope, then I'll keep looking.

Well, the magic hour is here. I'm sure I speak for other members of the Commission, and for the Chairman, in thanking you gentlemen for a very worthwhile session.

(Adjournment.)

*McGregor Memorial Conference Center
Wayne State University
Detroit, Michigan
Noon, September 27, 1967*

MR. DOUGLAS: We consider ourselves fortunate to have with us today Mr. Walter Reuther,¹ one of our labor leaders who has shown particular awareness of the problems of all Americans and of what is

¹ Labor leader. President, International Union, United Automobile, Aircraft and Agricultural Workers, CIO, since 1948; director International Union Skilled Trades Department and of Consumer's Division. President, Congress of Industrial Organizations from 1952; president, CIO Division of AFL-CIO, 1955- . . .

happening in our cities. We are very happy that you are here, and that you have offered, after your statement, to answer questions.

Mr. Reuther.

LABOR LEADER'S VIEW OF EMPLOYMENT AS CRUX OF INNER-CITY PROBLEM

MR. REUTHER: Senator Douglas, ladies and gentlemen. I appreciate very much the opportunity to visit with you, and to think out loud about some of the very difficult and complex problems that you are trying to come to grips with as you carry on the work of your Commission. I think that there is a growing realization in America that our cities are in a deep crisis. And I think that as we raise the level of understanding about that problem, we have got to get more and more people in positions of leadership—people who have some of the leverages of power—to get America to commit the kind of resources we need to deal with our problems. I believe that the time has long since run out for biased platitudes and easy promises. We have got now to have some practical performance. We have got to come to grips with these basic problems by acting with great boldness and by committing adequate resources that will be equal to the dimensions of these problems. That will require, in my judgment, new initiative and the creation of new instruments for social intervention.

As one American, I look at what we are doing in terms of the space program, and I say to myself, "If we can make that kind of a total effort to try to get a man on the moon, why can't we make that kind of a national commitment to deal with a problem as fundamental as the question of decent housing and a wholesome living environment for the people of America? Only in the dimensions of total commitment and total effort will we find the answer to this basic problem. Halfway and halfhearted measures and policies of too little and too late will not do the job. This is the most challenging problem we have ever faced—this crisis in America's cities. Nothing less than the total rebuilding of our cities and the creation of a total new living environment in which we can once again reassert the sovereignty of man within that environment will be adequate to this challenge.

We all know that we have the resources. We don't have slums in America for the same reason that they have slums in Calcutta. They lack the resources, but we possess resources. We have the technical know-how. What we have lacked is the sense of national urgency and the sense of purpose out of which the sense of will must flow. Any time that we are prepared to commit ourselves and our resources, we can do this job. This, I think, is what makes our problem most serious. We are not dealing with the question of technology, or material resources or productive capabilities. We are dealing with this intangible thing that relates to the attitude of America. Fundamentally, our problem, I think, will be solved only by getting our values in proper focus, so that we will clearly understand what is

really important. When we get our values in their right focus, one to the other, and we put first things first, then we can reorder our priorities and we can allocate the resources necessary to bring those priorities to practical fulfillment.

The problems of American cities are more difficult and more complex than the problems of other great cities throughout the world, because, as I have been saying, we have a fifth basic freedom in America, freedom of maximum mobility. The automobile industry has given the American people the capability of running away from the problems of the inner city. As we raise the level of affluence, those who share it most have the capability of running away from the problems of the core of the city, but unfortunately the problems don't run away. They get more difficult, more complex, and more costly in their solution, but the economic base to make it possible to finance the solution of those problems continues to contract.

On the one hand the problems get bigger and more costly in their solution, and on the other hand the tax base of the inner city gets smaller, because not only people run away, but the economic base of the community runs away. Big corporations decide to build a modern factory. A modern factory is not six stories high. When I went to work the first time for the Ford Motor Company, in 1927, when they were building the Model T, every plant, every building in the Ford Highland Park plant was a six-story building. A modern factory is a one-story building in which there's a continuous flow of an automated production line. You need big acreage, and so you get a thousand-acres out in the suburbs, and you take the jobs and the tax base away from the city. The most advantaged citizens then run to the suburbs with you, and you leave behind the disadvantaged, who cannot carry the economic burden of these complex problems that stay behind. How do we deal with these urgent problems in the inner cities under circumstances where the people who can do the most about them are trying to run away from them? This is why I think we have got to look at the totality of this problem.

Priority Problems and Resources for Solution

I'm going to make my statement very brief, because I hope that we can have an exchange. I think that can be more meaningful, Senator Douglas.

It seems to me that as we reorder our priorities and we allocate resources to meet them, these are some of the areas that need priority consideration:

Education: we have a good educational system, measured by the standard of many nations of the world. But measured by the need and measured by the potential resources that we have access to, we are doing a miserable job on the educational front. Why? It's because the people of this country have been more concerned about the condition of their plumbing than with the adequacy of their school system. In city after city where they have a choice between

the bond issue for new sewers, because basements are being flooded, or a bond issue for new schools, the new sewers carry ten to one over the new schools. That again is a matter of priorities.

We not only have the problem of educating our youth, but with the acceleration of change in our technology, education must be a continuous process through the productive years of a worker's life — training and retraining, always to reflect the changes in the technology and the job content.

We have the transportation problem. I said before the Ribicoff Committee, we build highways that are supposed to enable one to travel 100 miles an hour, and we build cars with 400 horsepower under the hood. Then 100,000 people all try to get from Detroit to Ann Arbor at the same time for the same purpose, to see the Michigan football game, all of them dragging a ton and a half of metal along. They don't go 100 miles an hour; they go 10 miles an hour. We must deal realistically with the problem of transportation, and what does that mean? It means a modern mass transit system which the private car supplements, for when you want to go someplace that a hundred thousand others don't want to go to at the same time and for the same reason. If we don't deal with this problem, we are going to strangle ourselves in the great urban centers.

We have the problem of air and water pollution. It's hard to comprehend the fact that here we live in the heart of the Great Lakes water system, with 20 percent of the fresh water supply of the whole world right here; and yet many communities are having a serious water problem because we are destroying these natural resources. Lake Erie is already one-third dead. It's a big cesspool. The new industrial wastes that we have are much more difficult to dispose of than the normal type of waste that human civilization has had to deal with in the past.

Then we have got this basic problem which I touched upon — how do we not only rebuild the cities, the inner cities, in terms of housing and school and medical facilities, and these other things; but how do we begin to plan in the long pull to establish an adequate tax base in terms of industrial development on a diversified basis? I believe this aspect of the problem will require a great deal of long-range planning. When an industry wants to locate a plant, all of the social implications of that decision have to be weighed in making that decision. While we rely primarily upon the marketplace to make a basic economic decision, we must understand that the blind forces of the marketplace cannot dictate all of these decisions. If the General Motors Corporation needs a new facility, that new facility has to be planned in terms of the basic economic needs of an existing community, and this means we have got to make land available in the inner cities for new industrial development so that there will be not only an adequate tax base, but also there will be an economic base for employment in that community, because without that, no viable community is possible.

Employment for All Able-bodied

We have got to deal with what I consider to be the crux of our problem in the inner cities. That's the question of employment. It's been 20 years since the Employment Act of 1946, yet, despite the fact that we committed ourselves in that legislation to achieve maximum employment, maximum production, and maximum purchasing power, for each of those 20 years we have had on the average 5 percent unemployment. We wasted 150 million man-years of potential economic production. As one American, I have always shared the view that what we have wasted is the economic margin that we need to rebuild our cities, and to do these many other things that need doing. Unemployment nationally is now roughly 3.8 percent, but unemployment in the inner core of the cities of America is much higher. It is double among Negroes as a whole, and the unemployment level among the teenagers in the ghettos is 25 and 30 percent. This is the most explosive ingredient in the cores of our cities. In Watts, when the riots took place, 40 percent of the teenagers of that community were unemployed. We have got to deal with this. Both the private and public sectors have to join together in a total cooperative effort to find the answer to this basic problem.

I had the privilege of serving on the Automation Commission. We spent a year dealing with these kinds of problems, and the Commission came up with a recommendation that while we rely primarily upon the private sector to generate new job opportunities, when the private sector cannot provide a meaningful and rewarding job to every person who is both able and willing to work, then it becomes the responsibility of government to assume responsibility as the employer of last resort.

Now, that doesn't mean that the Federal Government has to hire the people directly. It can make grants to the state governments or the local governments or nonprofit community groups or private groups, and support efforts through which they may generate the actual job opportunities. I think the recent broad Urban Coalition,¹ was a most encouraging development. It's the most broadly based coalition ever assembled in this country. It was much broader than what we call the National Coalition of Conscience that worked together on the civil rights legislation in '64, because it had a much more meaningful base. This Urban Coalition included many industrial and business leaders like Henry Ford and David Rockefeller, the Chairman of the Board of the Metropolitan Insurance Company; Mr. Phillippe, the Chairman of the Board of General Electric.

These people came together in Washington. There were about 1,200 of them at a convocation, and they unanimously supported the recommendation of the Automation Commission in calling upon

¹ Alliance of business, church, civil rights, labor, civic, and education leaders, to attack urban problems; John W. Gardner, former Secretary of Health, Education, and Welfare, president.

Congress to take action and make the government the employer of last resort when the private sector could not provide meaningful jobs.

Look at the problem we had in Detroit. A lot of people said we had a race riot. We did not have a race riot in Detroit. As we pointed out — not with any pride — we were the first city that achieved integrated looting: whites and Negroes looted together. We did not have a race riot. We had a mass assault against private property. It was carried on by people who were acting in desperation. Now, they got a lot of other people involved, but they triggered this, and if you would reach back into the communities where this problem was generated, you will find that unemployment, and lack of education, and lack of decent housing, are the central questions involved.

We need to understand that the dynamics of the revolution of rising expectations is not a phenomenon limited to Asia and Africa. The dynamics of that human phenomenon is operating in the ghettos of America. People tune in on television and they see the affluence of our society. They have their ear drums pounded every day with commercials that say: "You want to get these things for your family." Then they are shut out, and they are denied a sense of belonging, and a sense of participation. They only have a sense of hopelessness, a sense of total alienation.

We must deal with this total problem, and I think that the most important element there is employment. How can a person have a sense of belonging if he isn't given access to a meaningful job. A job is more than just earning your daily bread. It gives you the credentials that are essentially the human dignity, to a sense of human worth. You can't have any value as a person if you are denied an opportunity to make your contribution, and this, I think, is the most difficult problem.

Now I believe that if we are going to deal with the urban problems, it's going to take a maximum effort on the part of government at every level, with the Federal Government of necessity providing most of the resources. It's going to take a comparable total effort on the part of the private sector, and I believe that what we need to do is to create what I have called a creative community partnership between the government and the private sector.

Build Total Community, Not Just Housing

On the housing front, Mr. Chairman, if your Commission would be interested, I call attention to my testimony before the Ribicoff Committee¹ where I detailed a number of suggestions concerning housing. In my view, we cannot deal effectively with the problem of rehousing America, of rebuilding America, of implementing the Model City concept, which is the concept that says it's not enough just to build new housing. What we have got to do is to rebuild the total community, and create a total living environment.

¹ Subcommittee on Executive Reorganization of the Senate Committee on Government Operations. Ninetieth Congress, First Session, 1967.

I believe we'll not be able to do this until we have access to the tools of modern science and technology. Why is it that we use modern technology for most every basic need we have except a need as fundamental as housing? If the automobile industry were not using advanced technology there wouldn't be as many jobs in the automobile industry today, because only a handful of millionaires could afford an automobile.

First of all, we must put some money — and I mean large amounts of money — into our research and development. That doesn't mean that the government has to do it. It means that the government has to be prepared to make grants to universities and nonprofit groups who can take upon themselves the task of research and development, to learn how we can design and tool up and get into mass production of low-cost housing. Until we do, we are not going to be able to afford to rehouse America by using the old tools.

In Housing, Apply Technology

One of the problems in the application of technology to housing is the lack of a national housing market of large scale. Unless you have a mass market the tools of mass production are not feasible. When General Motors Corporation tools up for Chevrolet, they know that the market will be somewhere between three and four million Chevrolets. They engineer their production and they tool up for that production based upon the knowledge that there's going to be a market for that many cars.

One of the real problems in America is that the housing market is so fragmentized with a multiplicity of conflicting building codes. If you were to tool up to build a house for a mass market and had to accommodate all of this jungle of conflicting building codes, you would have an almost impossible situation, because there would be some building codes here, and another building code somewhere else that would deny you that portion of the market in that area. Parallel to this total effort of research and development to find a way to apply advanced technology to the housing field, we must deal with this basic problem of achieving — at least in the broad area — some standards in terms of building codes, so that if you build to certain specifications, those specifications will meet the existing building codes in the communities in which you hope to develop the mass market.

I think that most of the problem of cost is in what we call the core of the house. It's the bathroom, the kitchen, the heating and the air-conditioning plants, and so forth. That is the area that will respond the quickest to technology, and we ought to break through there. Parallel to breaking through there, we must develop new materials in terms of the basic shell. The space program would not have been possible without new materials, and we'll not solve the housing problem without them. We can do much better now with what we have, and we need to do that immediately. But at the same time we

have to work on new materials and new tools — new technology, new methods.

One of the problems is how to create the organizational structure to bring this about. The Federal Government has been playing on the outer fringe of dealing with the slum problems now since the early days of the New Deal, and they have only nibbled on the outer fringe. They have made no impact upon the central problem. We need to develop a whole new approach.

The President's Commission on Urban Housing on which I'm privileged to serve, chaired by Mr. Edgar Kaiser, is dealing with this basic problem. I'm going to Pittsburgh tomorrow, where we are holding a two-day meeting, and I think most of the members of that Commission agree that the private sector has to play a more decisive role in the housing field. In the Ribicoff Committee we talked about creating a national nonprofit corporation. I'm in favor of a nonprofit housing development corporation because I think a nonprofit corporation would have greater operational flexibility. I think it could initiate things which, if they were tied in with the government, would take much longer. I'm in favor of creating a national nonprofit corporation which could be the overall coordinating mechanism to tie together what I hope will develop in each community.

We have created a local nonprofit development corporation in the City of Detroit. We should be happy to give you a copy of our declaration of purpose and the membership of the board of directors of the group. The Metropolitan Detroit Citizens Development Authority is a very broadly based community group. Our purpose is to provide an overall umbrella. We are going to have the technical capability to help neighborhood groups, or church groups, or co-op groups who may want to get into the housing field. We'll help them with technical problems. We hope to have enough seed money to help them with their financial problem in the early stages of the programs. We'll make that kind of seed money available, and we will help them find their way through the bureaucratic jungle as they clear their projects with the Housing Authority. If we do that, we believe that we can stimulate and bring into this total effort the maximum number of small local groups, and we believe that that needs to be encouraged.

One of the things we need to keep in mind is that local participation is very crucial. The Negro community is very suspicious of the white power structure, and with good reason. The white establishment is responsible for where we are, and where we are is pretty ugly and quite unacceptable to the black people in the ghettos. They look upon the white establishment with their fingers crossed, and it's very important that they be directly involved in a meaningful way in the planning and the rebuilding, because if this is going to be a paternalistic operation by self-appointed superiors who believe they have divine credentials and are qualified to tell other people how they ought to live their lives, it won't work. The resistance will be

too great, and what we need to do is to translate that resistance into cooperation. The people of the ghettos know more about their needs than we do, and we need to make it possible for them to participate in a meaningful way in the planning and the actual carrying out of these programs. Our Development Authority in Detroit, of which I have the privilege of being the chief executive officer and the chairman of the board, is going to try, not to do this for people, but to facilitate and to help them do it for themselves. We believe it's in this spirit that we have got to approach this problem. It's the most challenging problem we face, because if we cannot save the cities of America, then we cannot save America.

What is involved is the threat of the disintegration of the basic social structure of this country. This, I believe, is a challenge more complex than any other challenge we have faced from without. It's easy to get a nation marching when it's driven by common fears and common hatred, because there is a foe that threatens our national survival. But we are now dealing with internal problems. It's more difficult to get people marching. Every time we move, the white backlash is there. The City of Milwaukee is torn now about open occupancy. In Michigan, we are debating open occupancy. We have to get these things behind us so that every American can have access to good housing and the right to live in the neighborhood of his own choice. We'll not do that if we build the future in the image of the past. We have got to raise our sights and we have got to show as much courage in meeting these problems at home as American men have shown on the battlefields of the world.

Thank you.

MR. DOUGLAS: Thank you very much, Mr. Reuther. You were kind enough to say that for a brief time you would be very glad to answer any questions.

MR. REUTHER: That's right. I should be most happy.

QUESTIONS BY COMMISSION MEMBERS

Union Attitude on Technological Advances

QUESTION: ¹ Mr. Reuther, you spoke about technological advances in the building process. There have been certain technological advances made in the last decade which the building trade unions refuse to permit to be used in the process of constructing housing today. How can we look forward to improvements when the unions won't permit us to apply technology that's already proven?

MR. REUTHER: I believe that the building trades in America have to come to the realization that this is the twentieth century, that America does have a serious housing crisis, and that America is going to solve that problem. And that no group, whether it be the building trades or the contractors or anybody else, has a right to stand in the way of technological progress.

¹The stenotypist was unable to identify Commission members, who were seated at various tables in the lunch room.

Now I try to ask myself: "Why do the building trades behave as they do?" They aren't all the same, although we know there are a number of people in the building trades who take a negative view of technological progress. I try to understand their problem and I come to the conclusion in many cases that they are against technology as a defense mechanism.

They have had a history of unemployment and slack times. I think that they look at technology as a threat to their job security. I believe that we have to prevail upon them to understand that they will get more job security out of the economics of abundance that will be made possible by technology than they can get out of the economics of scarcity. I would hope that we can persuade them to go along with the new technology, because if they don't, then I think our society will have to go on despite their attitude, because no one has the right to stand in the way of the ability of the society to take care of a need as fundamental as decent housing.

Now, if this were some luxury gadget that you could use or not use, you could enjoy or not enjoy, and somebody said: I'm going to interfere with the right of the people to get access to some luxury gadget," my attitude would be quite different. But housing is a fundamental need, and no economic group, whether it be the building trades or the UAW [United Automobile Workers], or anybody else, has a right to stand in the way.

QUESTION: Do you think that the system of craft unionism that we have in the building industry today is the best system under which to make these changes?

MR. REUTHER: Well, if you were asking me if I was about to reorganize the American labor movement from scratch, would I have craft unions as they are structured, the answer is no. In Sweden, for example, in Germany and many European countries they have one building union. All the building workers are in one union. That makes a great deal of sense. I'm not advocating that. That's not one of my terms with the AFL-CIO dispute. I have enough other problems. But obviously the point is, seriously, that the craft unions were structured in a more primitive technological society. There's been a technological revolution, but the structure of the crafts remains the same. It means that many of them really are obsolete, and I think that there ought to be a more radical structure. That's a very difficult problem. That's more difficult, I think, than getting them to accept new technology.

Union Efforts in Housing

MR. VANDERGRIFT: Mr. Reuther, yesterday, we were very impressed with some cooperative housing we saw — or at least I was impressed — and I find that your union had taken a role of leadership in this area of Michigan. Now, I happen to be mayor of a city in Texas where we have a very fine UAW Local—Number 276. We have a General Motors plant there; yet I have not heard any conversation

about such interests there. What I am wondering is whether you have encouraged this on any kind of national basis; or for some reason, has this interest of yours been limited to the Michigan area? It seems to have some potential, and I'm just wondering if you have explored it at all on a national basis as opposed to a local basis?

MR. REUTHER: At the last constitutional convention of the UAW, our convention authorized the UAW to get deeply involved in the housing field. We decided to make our initial move in Detroit, since this is our headquarters and we have the largest concentration of membership in the greater Detroit area — roughly 400,000. We felt that we'd make the beginning here. We have already launched our second program on a cooperative basis with other groups in Waterbury, Connecticut. We are going to reach out to every community where we have a membership where we feel we can make some sort of contribution. We shall be happy to join with other community groups in trying to do that.

Now, we didn't get into housing until just recently. Our first housing project was in Sunnyvale, California. The Ford Motor Company shut down two very old plants in California, and built a new plant near San Jose. When the Ford workers — I think about 40 percent were Negroes — tried to get housing in the new location, they couldn't get housing within 60 miles of that plant. We bought a large tract of land and we built the first integrated housing project in that part of California. We had difficulty. We had to fight the power structure of the local community. We couldn't get the land, then we couldn't get water, then we couldn't get sewerage, but we finally fought it through, and we have a very exciting housing project there. It's very encouraging to see a white family from Mississippi living next to a Negro family, and getting along as families ought to get along.

Racial Discrimination in Apprenticeship

QUESTION: Mr. Reuther, we know that certain building trades at the local level discriminate openly against Negroes. I wonder what machinery exists to make them change their ways?

MR. REUTHER: This is one of my criticisms of the AFL-CIO. I believe the central labor movement has to exert greater influence and discipline its various local parts. Now, it isn't enough to say, "Well, we got the right policy, but they won't carry it out." You have to work to implement it. The problem related to the apprenticeship programs cannot be solved by saying to a Negro who comes out of a third-rate high school in a slum neighborhood, "Our apprenticeship program is open to you on the basis of equality if you can compete with the kids that came out of a good high school. We all know that that young Negro can't compete, and if the white student had gone to the same third-rate high school he couldn't compete either. What you have to do is not just say that we'll take anybody in; you have to make a special effort.

Now, this is what we found out. If General Motors wanted a hundred apprentice boys in the program in the Detroit area, they might get a thousand applicants. But what happened every time? The Negroes were at the bottom because they came out of the slum high schools and they couldn't compete. The UAW took the initiative, and in cooperation with the Board of Education in Detroit, we opened up a special training course in Cass Technical High School, and in Mumford High School. We are working with the school board and the counselors, looking for young Negroes who are willing to take these special courses so that when the exams are taken they can qualify — they can compete successfully. We must help them get into the apprenticeship programs. Until the labor movement does that kind of thing, it is only giving lip service to the idea of equal employment opportunity.

Investment of Union Pension Funds

QUESTION: There's a lot of money that's necessary in the private sector, and I assume that the unions you are associated with may have the use of their pension fund for social purposes as well as investment purposes. If you were to compare the profit that the union pension fund can make elsewhere, I'm sure they are higher. Now, how do you get the pension fund to go into something which has a greater purpose?

MR. REUTHER: Well, that's one of our demands that we are currently talking about at the bargaining table. We believe the UAW has not made a fight to share equally in the administration of pension funds. The Ford Motor Company, the Chrysler Corporation, General Motors — they exclusively pick the trustee. We haven't made a fight about having control of the investment policy. But we do believe that since this money belongs to the workers — it's held in trust for them — and while it's prime purpose is to assure pension benefits, it nevertheless can perform another socially useful function. A percentage of those pension trust funds should be invested in the community where the workers live — not only to provide housing, but community facilities, to improve the quality of life in those communities. The pension trust fund should be used in those areas, even though, at a given time, they might invest those funds in the marketplace at a higher rate of return.

MR. DOUGLAS: We will have one more question.

QUESTION: You mention this proposal for a national nonprofit organization, and refer to the one that you are chairman of here. Many people are saying that we have got to have innovation on the institutional and organizational size of our urban affairs. These would be examples of it.

On the other hand, what do you think of the potentialities of local government — if restructured and reorganized — for dealing with these urban questions you have outlined so well. Do we pass most of the local governments up and give most of their responsibilities to these

new organizations? Or do you still see a significant role for the existing governmental organizations?

MR. REUTHER: I think that the time is so short that we cannot wait for the reorganization of local government. I think that the creation of what I would call quasi-governmental public instruments is a quicker way to come to grips with the problem. The Detroit Metropolitan Citizens Development Authority is such an instrument. It is a six-county authority and we are going to be dealing with a six county area of metropolitan Detroit.

Now, that's the kind of government we ought to have, a six-county government, because this is an economic unit. The water resources, the sewage problem, the traffic problem — they're problems of the greater metropolitan area. But if you try to get the people who have a vested interest in all of these communities, that's a hundred-year program and we can't wait that long. We can get this kind of a quasi-public instrument created much more quickly.

Now, at the national level, I'm encouraged by the fact that at the meeting of the Urban Coalition there were five subcommittees set up, and there was one subcommittee to deal with the overall problem of housing and urban development. David Rockefeller and Joe Keenan of the building trades and myself are the three co-chairmen. We are going to be meeting in about a week on that, and I'm hopeful that maybe out of this can come the beginning of what could be ultimately a national nonprofit corporation which could be the overall national umbrella under which these local nonprofit authorities could function. We could work together on broad research and development programs generating a big mass market. Supposing that General Electric Company said, "Well, we can make you a bathroom, a kitchen, heating, and air-conditioning unit, a core of a house." The first thing that we would ask is: "What assurance can you give us that the building codes will permit their installation, and what assurance have you got that the building trades will permit it?"

These are very real questions; so this national authority has to go to work on that, because no community can solve that in isolation. You can only have a national approach.

If we can deal with the problem of both the codes and the building trades, so that you could put in the core everywhere, this is not only good for new construction. It might be the key to rehabilitation. Detroit doesn't happen to have a lot of good, big structures like New York City; there you have massive walls and cores that are pretty bad, so you tear out and rebuild the cores with the walls being saved. But if you could get these prefab total units you could just set the core in and hook up a couple of wires and pipes, and you have got it installed. Then you could really come to grips with this problem. But you can't do this with a local market only, because that will not justify the tooling costs. This is where that Chevrolet, three-million market comes in. And so I believe that instead of trying to reform government — I'm in favor of that, but I think it takes too long — you create the separate kind of quasi-public

instruments. In that way you are able to lift this effort above the chaos and archaic political structure and get moving. I think as you demonstrate that you can deal with these problems on an area basis, you will begin to build up good, substantial arguments why the political structure ought to reflect the same kind of realities.

MR. DOUGLAS: Thank you very much, Mr. Reuther.

(Adjournment.)

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Detroit, Michigan
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The Commission explored the applicability of experimental developments in building materials and the systems approach to reducing construction cost of dwellings for low-income people. University-based experiments were explained by the witnesses, who discussed how the techniques and materials of the aerospace and defense industries might be adapted to housing and other urban construction.

HOUSING TECHNOLOGY: DEMONSTRATIONS AND IDEAS

MR. WOODBURY: Let me introduce our two speakers this afternoon, and then we can proceed directly with this session on new technology.

The first is Professor Neal Mitchell, a Professor of the Architectural Technology Workshop at Harvard University. He's had 10 years' professional experience, and is known as one of the men most interested in, and doing the most for, innovation in the types of construction that are pertinent to housing and urban development generally.

I have looked forward to this afternoon, in part to renew my acquaintance with Ted Larson¹ of the Architectural Research Laboratory at the University of Michigan, who was to have been our second speaker. But I understand he's in the hospital. His associate, Professor Stephen Paraskevopoulos, was able to come. He's also a member of the Architectural Research Laboratory, University of Michigan. He was born in Athens, but for the past many years has been in the country. He's been interested in the organization of a regional housing center in Indonesia, the investigation of structural potentials of plastics for housing, and housing in the underdeveloped areas of the world, among other things. He is now particularly concerned with the question of how the techniques, materials, methods, and so forth of the aerospace industry might be adapted to housing and other urban construction.

¹C. Theodore Larson, professor of architecture, University of Michigan, since 1948, and research coordinator for the Architectural Research Laboratory there. Excerpts from Mr. Larson's prepared paper begin on page 169.

Well, these are our guests this afternoon. I understand that you lead off, Professor Mitchell, with slides. We are mighty happy to have both of you gentlemen.

STATEMENT BY NEAL MITCHELL

MR. MITCHELL: I'd like to discuss with you today not the global issues of what the country should be doing, but the global issue of how our project was conceived and implemented, the types of problems that this type of study raises, the question of taking what Mr. Reuther just talked about and putting it into practice. What I'd like to show is a systems analysis approach applied to housing. I'd like to raise for you the problems associated with church involvement in public housing. I'd like to talk with you about the input of industry in low-cost housing and industry's ability to respond to challenges, and I'd further like to talk about the kind of relationship of the professional to this kind of problem, because I think these questions are all relevant.

Systems Approach to Housing

Let me start off by saying that if one looks at the problem of housing and, better still, if one looks at the problem of people moving to the cities, you will find that the relatively stable man is a good risk, can generate a loan from a bank, and therefore purchase property. It seemed to us that the focus of our work had to be on the people of minimum income, people who are moving to the city and who weren't in fact guaranteed risks as far as the government or anybody else was concerned. In our studies we looked at the kind of priorities people have; and the studies that we made here in Detroit went all the way from the core city out into the suburbs. We evaluated people's responses and requirements, and it was rather fascinating that the poorest segment of the population considered location as a top priority. Immediately, as soon as there was some kind of financial stability, it was homeownership; and once homeownership had been satisfied, people were looking for a certain level of materiality. In other words, they had to have the good house, the color television. What seemed particularly interesting to us is that most housing solutions are addressed to each of these segments of the population individually, but not on a floating basis. In other words, they were not able to respond to changing demands; and so the question we faced was how to set up a system that could, in fact, meet these flexible priority patterns.

Next, we studied these changing demands in terms of cost-benefit analysis, a technique rather well used by the Defense Department, and came out with some interesting things, some in contradiction to what you have just heard. The fact is that you can divide in thirds

the monetary investment in low-income housing. One-third goes to structure, one-third goes to the wall systems, and one-third goes to mechanical systems. This means that if in fact you prefabricate the mechanical core of the house, which is what everybody seems to talk about as industrialization, what you usually do is perform trade-offs in areas of cost in such a way that the net saving is small. If you are lucky, you get a 10 or 15 percent saving on what is only 30 percent of the cost. This 4.5 percent reduction in total cost can be completely obliterated by a bad labor negotiation or a contractor who decides to raise the price a little. I'd like to point out that each of the components of a house represents such a small segment of the total cost that major breakthroughs in any one particular segment do not produce a major breakthrough in the total cost of the house.

The second thing that we found out in analyzing housing costs was the fact that if you look at the long-term changes in a house, maintenance and rehabilitation costs are different for different parts of the building. We found, for instance, that the structure remains unchanged for long periods of time, and thus represents a long-term investment. The wall system, on the other hand, is a short-term investment because it requires regular rehabilitation and replacement.

It is initial costs which usually determine the design and acceptability of a house, but the more important question that you have to ask is, "What are the long-term costs?" The classic example is the woman who lives across the street from our office in a brick housing project with wooden windows. We were talking with her one day and she said, "Man, I'm living in a slum." I said, "What do you mean?" And she said, "Look at that window. It's all rotted out." The FHA has given a 40-year mortgage on the project. The brick lasts 150 years, the wood window lasted five, and rotted out. All she can see from the inside of the house is the fact that the wood window is rotted out. She's convinced she's living in a slum, while the FHA is convinced she's living in a house that's worth 40 years. The conclusions that you come up with when you analyze housing are dramatically different from the preconceptions that you began with.

Parts of House Wear Out at Different Rates

The long-term behavior of housing depends on the differential rates at which housing components obsolesce. Since obsolescence is inevitable—in some cases, even desirable—it is important that either all components wear out at the same time, like Holmes' "Wonderful One Hoss Shay," or else that it be possible to replace a worn-out component easily without destroying an attached component which still has a useful life. Let me make an analogy for you. If we had to get rid of an automobile simply because it had a flat tire, you would say we were pretty silly. Yet, if you look at a house, you will find that we integrate and tie everything together so tightly that when one part wears out, it is both wasteful and expen-

sive to replace it. Rather, we say that the house is beginning to become a slum, and let it degenerate completely. One of the decisions we made is that since some parts do wear out more rapidly than others, then, in fact, we ought to be able to separate, unbuckle, take apart, pull apart what is worn out, and replace it without altering adjacent components.

In studying residential financing, we found that although you get standard depreciation rates on a house, these rates do not reflect the real and varied rates at which parts of the house wear out. It seems to us high time that the financial community of this country begin to respond to what is really going on, and not to step back and say, "Well, we can make an arbitrary assumption this will do, or that will do."

In going through Mississippi, I talked with a woman whose house started to fall over when I walked to one side of it. She had one wood-burning potbellied stove, two beds and a couch. I said, "How much can you afford for a house?" And she said, "Eight dollars a month, that's what I'm paying."

She should live in an FHA house, because she should have a safe home with a reasonable heating system. Yet all this woman could afford was wood for fuel. As a matter of fact, a good portion of Detroit is functioning on wood-burning stoves, and we have actually talked to a whole group of people who burn wood during the winter to keep warm. They can't even afford gas stoves. This is one of the reasons to think of multi-phase financing for housing. It is possible to finance the structure under one mortgage, finance the wall system under a second type of loan, and perhaps the mechanical system under yet a third.

The merchandising of automobiles has been extremely successful, partly because different parts of the total package can be bought and paid for in a variety of ways. We came to the conclusion that if I could remove a component from my house that was unsatisfactory to me and sell it, you might then be able to add on to your house with a secondhand component which is perfectly good in terms of serviceability but does not suit my tastes or particular needs. Thus, we could develop a second-hand industry in housing much as we have in the automobile market.

Here in Detroit there are 87,000 substandard houses. Now, just to build 87,000 concrete cells is not the answer. One has to be able to build something that will grow and change and live with the people, so that it can respond to their needs and desires the way a home should.

Flexible Dwellings to Respond to Changing Needs

With any kind of residential construction, it is critical that the house grow or respond to the needs of people. The key to our system is a frame which can be expanded by means of a bolted connection. If a house can expand in X, Y, and Z directions, this means in a

city planning context that you can initially develop land priced at a reasonably low figure and, as the value of the land starts to go up, you can increase densities correspondingly by merely adding on without destroying and rebuilding. One of the important things that the developers have taught us is that land is going to increase in value. If we can give people a stake in the appreciation of urban land values and show them how they can, in fact, increase density and make money from this, I think we'll have accomplished something.

This [slide] shows the kind of housing system that we are working with — all the way from a one-story to a multi-story type of construction: and it should give you some idea of the urban design ramifications of such a system.

Traditionally, architects have built the completed house and said, "Live in it!" Our assumption is that we should build what people can afford and be prepared to expand and upgrade as people's needs change.

Our answer, having looked at the problem of housing in this way, is a frame of simple post and beam construction. It is made up of five precast components in a totally industrialized system, including a beam, a tie beam, a column, a slab, and a filled foundation. We consolidated the structure into an independent sub-system composed of straight elements, leaving the wall to become an environmental barrier, not a structural member. Therefore, a wall panel may be removed or installed without interfering with the structural integrity of the building. Similarly, wall panels can incorporate windows or door frames, which are also removable.

In order to study the industrial requirements of the system, we designed a plant to produce the components. We planned to use the plant to provide jobs and bring in new industry. This particular plant, producing the components for five houses per day, would cost \$100,000. If you amortize this over 400 houses, the cost is about \$250 per house. If you plan to sell the plant equipment after one year's production, you need only amortize 25 percent of the plant's cost, because 75 percent of the plant can be reused.

One of the critical things, then, is to explore these amortization costs for industrialized production, while letting the wall and mechanical systems respond to particular local conditions and be produced by existing local manufacturers. I think one of the failures of prefabrication is that it presupposes you are going to put somebody else out of business. I think the solution to our housing problem is to find a way to give other people "a piece of the action" larger than what they presently have, and then we'll get full participation.

We built a multi-story test frame to evaluate the structural stability of the system. We have not yet convinced people here in Detroit that our buildings will stand up, although this frame has been up for two years. The columns are $4\frac{3}{4}$ " x 6" — below the minimum specified by the American Concrete Institute. But they are 7 feet, 10 inches high and the spans are 12 feet. As one fellow said, "Well, the

ACI just doesn't deal in this kind of thing. This kind of thing has to be penalized because of that."

Building Codes and New Technology

One of the things that I'd like to mention is the problem of building codes. It's remarkable that the American Concrete Institute Code, which we were required to work to in Detroit, does not really consider residential construction, since the code was written in 1919, at which time concrete was not used for housing. One begins to suspect that it's about time somebody did some research into building codes in order to determine their real effects on construction. We are designing for a 20 pound per square foot wind pressure, which is roughly equivalent to wind of 110 miles per hour, in the middle of an urban area. And so you begin to wonder what type of parameters you are designing for. If you take Ralph Taylor's figures, for every hundred dollars you increase the cost of a house, 15,000 fewer people can afford to buy it. When you consider that approximately 33 percent of the cost of this particular house is attached to the frame, one begins to wonder about the implications of these particular codes and the restriction they place on residential construction.

Because the codes proscribed our structural system, we had to do full-scale testing. Unfortunately, this alternative is not yet accepted by the building codes; so structural computations are being prepared as well. However, the computations bear no resemblance to what actually happens according to the strain measurements that we made on the real structure. The second problem you have, when you go to a building commission with something that's innovative, is how to obtain approval without jeopardizing the position of the responsible official. You place a terrible burden on a man who has been in a particular field for 35 years, and has 10 years to go for retirement, and whose only responsibility is to follow the code, when you ask him to approve an innovation design. I think it's only fair to say that when you look at the building commissions in this country, you find people straining to help; but basically, they are not in a position to encourage innovation, because if anything goes wrong, they are in trouble. So the problem remains — not to continue to put pressure on these men, but to find new ways to take the pressure off them so they can do the kind of job that I think needs to be done.

We conducted a complete two-phase development program. One phase examined the way each component would go together. The other phase was a development program for each component. Not only did we have to know how to build it, but we had to know how to program the research that went on beforehand in order to get innovation fed into the system, because technological innovation indiscriminately applied means nothing. As a result of this activity, we set up a large matrix in which we were able to isolate and examine the way different components interact. A breakthrough was insufficient; we had to so program the development that multi-break-

throughs occurred. This component-interactions matrix provided a basis for design.

Key to Systems Analysis: The Whole House

The key to systems analysis is optimization of the whole, and not of the parts. The housing industry for years has functioned on the optimization of the parts. Somebody declares that he has a new heating core that is going to solve the problem of housing. But the core has to be compatible with the rest of the house. One example of net loss through optimization of one aspect of a structure is the 20-story building. A savings of 5 percent obtained through more intensive land use would increase the cost of fireproofing by 40 percent. In fact a net saving on structures yields a net cost increase of 10 percent. Our attempt has been to investigate multiple facets instead of one segment.

We developed a series of development programs based on performance standards. One of these development programs, for wall panels, was about 80 pages long, and was sent to 95 manufacturers in the United States. In spite of all the talk about manufacturer participation, only five of these manufacturers were in a position to answer the performance requirements that we gave. Of the people who answered, only one produced a reasonable response to the problem we posed.

I would like to tell a story which illustrates the structure of American industry. We went to one rather well-known aluminum company and had the opportunity to make a presentation to the board of directors, the director of research, and the director of architectural products marketing. We said that if they took their windows and put one small angle on the end, it would be compatible with the wall we had developed. The reaction of the marketing director was, "Yes, but if I do that, I am no longer competitive, and my profit margin is not going to look as good." American industry is not structured to meet the demands of integrated systems in the building products industry. We should find ways to restructure our production to meet system demands.

To develop exterior wall panels for our system, we analyzed all possible parts and types, and found which manufacturers made each. We discovered that we had to bring several manufacturers together in order to obtain the best product—that one producer alone could not provide what was required. We can get a concrete wall panel or we can get a steel wall panel, but nobody will give us a wall panel which might use steel, aluminum and plastic together.

The plumbing system we included in our Detroit Project will be the first residential use of a single-stack drain, waste and vent. This saves about 46 percent on the cost of the plumbing system, since the major plumbing cost is in venting and distribution.

We developed an exterior wall system, using a metal stud. I have two letters from U. S. Gypsum Research—one of the companies

that makes this wall system — which says you can't use metal studs at the spacing we designed. Therefore, we went ahead and built full scale mock-ups, and tested them completely. Another conclusion that one comes to in housing is that you have to build the full-scale prototype to see how it behaves.

The insulation and the connection with the frame are demountable and detachable in the wall system frames. This is a totally new system with a stud spacing beyond what anybody has used up to now, and the only way we could evaluate it was to build the full-scale and test it. Rather than build 100 units of something bad, you must build a prototype. The critical thing for your consideration is that there is never any money for this research, especially when you are building low-cost housing, because when housing costs are reduced, architectural fees are reduced accordingly.

In order to study the requirements and preferences of the people who would be living in our houses, we sent research teams into Detroit's Near East Side, where they talked with people and investigated the way they used different portions of their houses. We found that it was common to combine the kitchen and dining-room. However, when space and means permitted, a fairly formal separate dining room was used. Our design response was a growable kitchen that would provide a combination kitchen-dining-room in the first phase, and which would separate the two by means of an extended counter in the second phase.

We found that the typical heating system was a space heater in one room. Our answer was a totally mechanical heating system which could expand upward to three stories, that had attachable features, permitting it to be improved incrementally, like air-conditioning, an electrostatic precipitator, and a humidifier, all systematized to go in a particular place in the house and to permit expansion.

We found that low-income families used laundry facilities extensively. Therefore, we provided washers and dryers, something that turned out to be critical. The washroom includes all the plumbing for future installation of a water closet and lavatory, when a second bathroom is possible. The design is systematized, so facilities for future uses are relatively easy to provide.

We found tremendous problems of trash collection preventing exteriors from responding to social criteria. We therefore designed a trash storage facility to keep rats out of garbage cans which overflow due to irregular collection by the city.

The low-income sector needs closet space, because they can't afford to throw things away which may have a use later on. We responded to this need by designing a 3 x 5 feet closet box which is cantilevered out from the bedrooms, thereby not reducing available living space.

Our original design did not have front steps, but we found that these play a critical part in neighborhood life. In middle-class houses, more private open space is preferred. Therefore, we incorporated

porches, terraces, roof decks, and balconies as types of specialized spaces which respond to changing requirements. Again, these specialized spaces are inherent potentials of the system and can be radically modified over time.

We designed several houses for vacant lots between existing buildings. In order to provide the opportunity, and thus an incentive, to increase the density and efficiency of land coverage, we placed our houses according to a modular grid that allows you to accommodate dense new construction incrementally as the structures are demolished. We were able to design our units so that we could replace one conventional house with two of ours.

One of the techniques we used was to leave some frames open — only partly filled in — challenging the people to expand the houses. We found that they put chrome strips on their automobiles; why don't they improve the quality of their houses? It might also interest you to know that this particular type of housing is designed and engineered so that 35 percent of it, at least, can be done by local people.

Finally, there is a need for a new relationship between the government and contractors and/or private sponsoring agencies. Quick-return, no-risk capital for research and development such as the government is used to using in the building industry has to stop.

We must develop the same attitude that prevails in the aero-space industry, where multiple programs are financed, and multiple programs are carried through full-scale testing, and assurances are given to industry — because industry is absolutely convinced that the government will back out, and, because, as one corporation president put it to me, "The government's priorities are on tanks and guns, and not on people." I think we have to change it.

Thank you.

MR. WOODBURY: Thank you, Professor Mitchell.

Our second speaker is Professor Paraskevopoulos.¹

STATEMENT BY STEPHEN PARASKEVOPOULOS

MR. PARASKEVOPOULOS: I don't have a formal presentation. I'm actually filling in for Ted Larson, who is in the hospital. Besides, we've been working until last night on a research proposal which I'm going to present to you along general lines; so, I'm very sorry if I'm somewhat disorganized.

If Ted were here, I think that he would have made quite an analysis of the problem. Ted's interests are primarily in the social and economic aspects of housing. I'm associated with him, but in a sense I'm a technocrat — not a social economist — so my presentation will be limited to the kind of interests which pertain to my own work.

¹ See page 145.

Our work on new technology is based on the premise that there's not one kind of a housing problem, and therefore there is not one kind of solution. There are people who have to be rehabilitated. There are people who have to be housed in short order. There are people who need cheaper housing. There are all kinds of problems which suffer because, to my knowledge, they have not been very well defined. I think that if they were defined, we would have had solutions to them already, or be pretty far along toward getting the solutions.

The only thing which is for sure, however, is that to resolve the many problems that confront us, we are going to need new resources and new techniques. Thus, independent of trying to specify the problems, somebody is justified in taking a look at what new means can be developed independent of their final use, starting from the premise that we'll need new means to obtain new solutions. From there on it's a matter of finding out with the new means what new solutions we can bring about.

What we have done ourselves is to take a look at what the chemical industry, and to a lesser extent, the aerospace industry, can do to bring about certain technological developments.

Sizable Funds for Research and Development

Now a second point we're also interested in establishing is that to bring about any radical new development requires quite a budget for R and D [research and development] which the civil sector of the government — let alone private industry — cannot absorb by itself. To really bring about a new development like the 707 jet requires an R and D investment of a size that is usually not to be found in the civilian sector of the government. Therefore, while trying to see what the aerospace industry, for example, is able to do, we should also like to determine what other resources outside the civilian sector of the government are available, such as may be available in the military.

Mr. Reuther put his finger on the fact that we'll need quite a bit of money. I mean, we really will need an awful lot of money to bring about some development. We are not sure if this money will be available, and when this money will be available. Also, we don't know what our economy will be next year. However, we should bring about progress no matter if we are going to have a peace-oriented economy, a war-oriented economy, a space-oriented economy, or what have you. Therefore, we are trying to take a look at how money that has been available from government, for things maybe other than housing, could be used and applied indirectly to housing development so that we can extend our monetary resources.

Before presenting to you some slides showing possibilities of how certain technological problems can be resolved with advanced technology, I would like to read you a little statement. I was working on this during the past week, and it is part of a research proposal addressed to the Defense Department. I shall refer only to the basic

premises and to why we would like to work with the military in trying to find out what advanced technology can do to improve military housing. I think some of these premises will show some of our basic thinking.

The University's interest in participating in the proposed project is based on the belief that new materials, advanced technologies, and other innovations must be used if the Nation's mass housing problem is to be solved. It is also believed that at the present time the best way to achieve this goal is through collaboration with the aerospace and defense industries under government leadership. This belief is predicated on the following observations:

1. In solving their own problems the aerospace and defense industries have made many notable technological advances which hold the promise of being usefully applied to the solution of family and community living problems.

2. These new technological advances are not being utilized by the existing building industry because, (a) the industry's disjointed organization does not encourage the broad-scale integration of R and D required for such utilization; (b) local building codes, traditional practices, and vested interests usually inhibit the introduction of any significant building innovations; and (c) the cost of achieving desired changes on a substantial scale is too high to be absorbed by private enterprise alone.

3. Advances in other fields, notably communications and transportation, have demonstrated not only how the result of R and D sponsored by DOD (Department of Defense) can expedite national development and benefit the civilian economy, but also that such a carry-over of technology requires continuing government planning and involvement.

4. The housing problem in the United States becomes increasingly acute under the combined pressures of population growth and physical deterioration of existing housing and it is evident that to resolve this problem the productive capacity of the building industry must be stepped up enormously, which in turn requires the creative development of new building resources, policies, and concepts.

5. Since the available funds and other needed resources in the civilian sector of the government are insufficient for a full-scale attack on the housing problem, it is important to investigate how the benefits which can be obtained from DOD investment in better and less expensive military housing as well as from the development of new materials, equipment, and processes for certain other military applications can also be applied to resolve as many aspects of the civilian housing problems as possible.

6. Because of the large investment which is required for the development of really new and efficient building resources, it is reasonable to assume that under present world conditions, innovations with the best chance of materializing in the near future are likely to be those which would also be of benefit to our defense and space exploration programs, so that the large portion of the R and D cost can be absorbed in other DOD and NASA projects.

These are pretty much the kind of premises on which we start. Because we may have limited funds for housing development does not mean that we have to limit ourselves to just these funds. I think that in a place like a university we can investigate two areas: (1) how we can extend the benefits of investments made in other areas, and (2) how we can advance the industrial development.

Adaptations from Aerospace, Chemical Industries

There are two reasons why we are interested in the chemical industry and the aerospace industry. The first is that we want to find out what these two industries can offer today. In other words, we can start with what they have, and determine if this offers any solution to any sort of problem that relates to building. The second reason is the more important one. Both the chemical industry and the aerospace industry are performance-oriented. They offer us the possibility to start from a concept and then try to formulate the kind of technical systems or materials that may be needed to resolve a certain problem. They can also help us a great deal to eventually make a very good systems analysis of our total problem areas.

They are not in a position to do the latter right now, because they are used to applying systems analysis to problems that are very well defined. It may sound funny, in a sense, but it is simpler to plan for a shot to the moon than for housing. To make a shot to the moon everything is really well defined. You have to get two people up there. You are going to encounter this problem of radiation; this problem of thrust; they have to survive for 10 days; and they have to go through this and that. You need this, this, and this kind of performance, and then you can formulate the kind of materials and technology to get these men up there. In this connection the problem is intelligently defined. But we are faced with problems that are not defined.

There are too many variables in urban development problems, and should you present systems analysts with all these variables, they too would get lost. So, a real systems analysis of housing problems has not yet been made to my knowledge, but I think that these people have something to contribute in this area. It is therefore important to really find out what stage of development they are in, what they can contribute today, and what their potential is for the future. It is also important to find out if a development that has come about really offers any solution. Very often, in building research you can get involved with a pet project, of developing something, which you only think is a panacea for all our evils.

I strongly believe that if we are going to get a real solution to a problem in due course, no vested interest will stand in the way. If somebody would come up, for example, with a solution today which would reduce 30 percent of the initial cost, the maintenance cost, and so on, I'm pretty sure that the problem of combating today's vested interests would not be too bad. Usually most of the solutions offered resolve a problem by creating another problem. I really believe that the minute somebody will resolve a problem without creating another one, he will find himself in a fairly strong position.

COMMENTS OVER SLIDES

I will now show some slides of certain developments resulting from our collaboration with chemical and aerospace companies. Don't see them as a panacea. They resolve only limited problems. However, I would like to point out that the fact we have created a certain shell doesn't mean that this is our ultimate goal. For example, with a company in the aerospace industry we have done probably the first filament-wound structure that is being used for human occupancy today. We plan to continue with this structural development, but the contribution of the aerospace industry may not only be in structure. Maybe their contribution will be in developing a kind of system that will free us from obsolete sewers. We have to get these people slowly involved, and we have to start from someplace where they have certain resources. So, over the years we can objectively find out what they can really contribute. I think we shall have to pull all our resources together if we are ever going to attack this housing problem.

The three structural systems you are going to see today have been developed by companies with which we have collaborated under a contract from the State Department regarding the feasibility of utilizing foam plastics for housing in underdeveloped countries of the world. The premises, again, for this project, are in a sense socio-economic. Why plastics? Well, one reason for that was that the basis for making these materials are petro-chemicals. Many of these countries have oil resources. They also have refineries whose byproducts could be used for the production of plastics. The premise was to view housing as a capital-producing good in these countries — as a means to create a new industrial resource. In other words, it was an indirect as well as a direct attack on the housing problem. It was also established that our chemical industry has quite an over-capacity and the thought was to determine how we could utilize this over-capacity to help other countries, while at the same time helping ourselves. In light of these factors we tried to take a look at what some of these plastics companies could do, and what their limitations were.

At this point I would like to show you a system that is very good if you have to use a dome, and there are some places in the world where if you don't use a dome, you don't have a house. This is a most efficient system for making a dome. It was developed by the Dow Chemical Company.

The dome consists of spirally placed layers of polystyrene foam which come to the site in the form of planks, as you see here. They are extremely light planks. They look like two-by-fours, and are 12 feet long.

The second part that's needed is a piece of equipment. This equipment consists of an arm which you see here: a machine head at one end and an axis at the other, around which it turns. The idea is that you have a machine which, as it

turns around, is fed material, and it builds a doubly curved surface without the need of any form work.

In order to make a dome, you start by making a ditch. In this case, we built a 45-foot dome, so we started with a 45-foot diameter ditch, three feet deep, and one foot wide all around. We bridged this ditch with planks, built a dome on top of it, then lifted it, put it in the foundation, backfilled the trench with earth from the outside and then let the cement, which is used for the floor slab, anchor it from the inside.

Here you see the installation of the machine, and here is the machine working. This machine turns by itself. It is connected with an electric generator. The machine heat-seals as well as bends these planks, and is working around in a spiral fashion until it hits the top.

Here you see the machine going around, and a person feeding these planks into the machine. It took exactly 11 hours to build a 45-foot diameter dome, layer upon layer.

When you reach a certain height, you have to get the material up there, so this other attachment is added to the arm of the machine. The man is sitting on top, and is feeding the planks to the machine head.

If you want to have any openings, you can cut them out afterwards. It's easy to cut out openings.

In this case which you see, the man on the machine had to have lunch and wanted to get out. So what we did here was just to glue on the surface this hardboard template, attached the hinges, then cut out the door and let him out.

This is the total dome, after it was done.

At this point what was needed was to lift the dome and put it into the foundation trench. Well, you can do it with a crane, but when you have students, you don't worry about cranes. So they lifted it and put it inside the foundation trench.

Then, there was a matter of coating this dome and we thought it would be a good idea if we could do it as efficiently as the operation of the construction system. At the top there is a ring-opening where a ventilation valve is placed later, and from this top, paint was dumped on the surface of the dome and distributed evenly by a man rotating a squeegee for about 10 minutes. Actually, the reason you really have to coat it is because these materials are attacked by ultraviolet light, and thus need protection from the outside.

The system can also be used as formwork for concrete construction, for which it is also very good because you have the insulation at the same time.

This building is being used right now as a clubhouse.

The openings here were cut and reinforced after the dome was completed. It has been up now for five years. We had it recoated this year and it has so far withstood the elements very well.

Here is a solution to domes, if you have to have or can use domes. Maybe you never will. There are shortcomings relating to

the shape, but in other cases the system may offer certain advantages. (We should really start to develop a file to show what becomes available.)

Here is the second structure, made from a sandwich panel, which consists of paper skins with a urethane foam core. The board is three-eighths of an inch thick, and can be produced at the rate of 400 feet a minute. This development is also commercially available through a Canadian concern — International Structures Corporation — which operates from Philadelphia. Their idea was to produce the cheapest possible shelter to enclose space. The board is stored like cardboard, folded together, and arrives at the site as a package.

There it is lifted, opened like an accordion, and attached to the ground. In this case, we used a resin adhesive to attach it to a concrete slab. The surface was coated with a pigmented polyester resin to obtain weatherability. This material could take all sorts of coatings which would determine the life of the structure. In other words, you could coat it with a pigmented polyethylene that would give the building only a three-year life span. The important thing here is that you have the opportunity through the use of chemicals, to achieve what Ted Larson refers to as the principle of time-zoning. You can have "Kleenex" for something that is temporary and you don't want to be here for eternity to become a blight or a slum. There are certain cases where you like to get rid of structures but they cost too much to get rid of. This structure offers 360 square feet of space. The cost of producing it, with the end pieces and without the slab, could be as low as \$120. This is the cost of producing it alone. It does not include overhead, profit, and the write-off of research and development costs.

We recommended this structure to the State of California for the housing of migratory farm workers. They planned communities which could utilize about 1,200 of these units. Each community was conceived in a way that it could be written off within five years as the program of migratory workers is being phased out. You have to house them, and at the same time you want to make the kind of an investment that would not create a slum after these people left. In this case the coating which was applied to the structures is not going to allow them to last any more than five years.

Here is a case, where if you have migratory workers, if you don't want maintenance, and if you don't want a slum, this structure offers a solution. If you want something different it doesn't work. Of course you can start to add properties to it. If you want more than five years you add the cost of a different surfacing material.

The last set of slides shows a possibility offered through filament winding.

We made our first structure with the Hercules Company. It's a way of making a unit shaped like a trailer. You start with a

steel mandrel to which insulation panels are attached. The mandrel is then placed on the winding machine which rotates it. Glass fibers in reels go back and forth along the side of the mandrel and wind themselves around the mandrel. I must explain that these glass fibers are impregnated in resin. As they wind themselves, as the mandrel turns, there is a heat source on the other side, and they get cured in the same process.

When the process is finished, you take down the mandrel. It took six hours to wind this 8x12x16 foot unit. You are not fixed to one shape. For the next unit you can reset the arms of the mandrel and make another shape. The units can be individual elements or can be stacked together. After the unit was wound it was transported from New Jersey to Ann Arbor.

I think that we are at the point where we can have a transportable factory on the site, whose cost, I'm pretty sure, could be written off within a year.

The filament-wound unit which is shown here is being used in the courtyard of our lab as a student study room.

This is pretty much the kind of work we are involved with. I don't think it offers any direct solution to your immediate problem, as yet, but don't discard it on this basis alone. I think that it's about time that some organization be established, possibly within a university, which would take this kind of work, document it properly, and create a library, if you want to call it that. What is important is that we really know at any time what can be done; so that we can eventually decide what should be done.

MR. WOODBURY: Well, thank you very much. We are ready, if you gentlemen are, for some questions and discussion.

QUESTIONS BY COMMISSION MEMBERS

QUESTION: *¹Mr. Mitchell, this project which is going to be built in Detroit — is it under construction?*

MR. MITCHELL: It's due to break ground in the next two, three or four weeks.

QUESTION: *And you said that it would come to \$8 to \$10 a square foot?*

MR. MITCHELL: Yes.

QUESTION: *Would that include land, land development, sewerage, water, financing, legal and closing fees, plus construction and structure, walls, and mechanical?*

MR. MITCHELL: It includes structure, walls, mechanical, finishing.

QUESTION: *Does it include any land development? I'm talking about grading?*

MR. MITCHELL: Yes.

¹ Reporter did not identify Commission questioners, who were seated in the semidark auditorium.

QUESTION: *It does include grading and so forth, but it —*

MR. MITCHELL: It includes utilities connections to the street. A lot of the grading will be done on a self-help basis. This has raised the question of whether the self-help landscaping will be subject to taxation at the same rate as if it had been done professionally.

QUESTION: *Okay. Your figures show the actual estimated cost of dwellings over a 40-year period, including interest on outstanding debt. I know that you have considered maintenance and repair, but have you ever worked up figures on them?*

MR. MITCHELL: Yes, these have been worked up.

QUESTION: *Could we get those? I'd be very interested to get a per unit breakdown over 40 years.*

MR. MITCHELL: I had a copy, and gave it away last night.

QUESTION: *And then the sewer and water, the land, the land development, the construction, the element of the financing, the legal and closing costs as well as the breakdown — everything would be very useful.*

Package-Financing Plan

MR. MITCHELL: As a matter of fact, we have worked on new financing plans. One of the arguments behind these new methods is that one real problem with low-cost housing is that homeownership is frequently more of a burden or liability to low-income families than it is an asset. They have got to make their payments or they lose their equity. What our office has prepared is a series of three programs — one is an insurance plan for equity, one a cooperative contingency fund, and the third is a line of credit from the bank, by which mortgages are guaranteed for a period of six months.

FHA has done extensive studies of foreclosures which indicate that if defaults persist for more than six months, the problem shifts from one of housing to one of finding a job, as during that period a worker's skills will begin to deteriorate. That explains the six-month time limit.

In regard to insurance, it is interesting that in Roxbury, close to 60 percent of the houses are insured by Lloyds of London at twice the normal insurance rates.¹ Several of my friends who have moved into Roxbury have had to pay twice the insurance that I would pay in a suburban community because Roxbury is a high-risk area. We put together a package in which the cost of extended coverage, taxes, mortgage premiums, and utilities payments would be guaranteed for up to six months. We could guarantee the 17 units in Detroit for less than \$5 per month: if a family moved in, and the head of the family lost his job, the equity in the house would not be lost; the family would have up to six months to get back on its feet.

QUESTION: *What kind of wall panels are you going to use in the Detroit job? What are they made of?*

¹ See discussion of insurance and financing in the Roxbury section of Boston in *Hearings, Volume I*, pages 255-8, 263.

MR. MITCHELL: There are three different panels. One will be a metal panel with a plastic foam infill.

QUESTION: *Metal skin?*

MR. MITCHELL: Yes, there is a full-scale test panel in our mock-up in Cambridge. The second panel is of metal stud dry-wall construction with a wood facing, and the third one has a woodrock face, which is a combination of asbestos, cement and wood, and which can be painted.

QUESTION: *Well, that exterior panel is essentially unbalanced. How does it behave through weather cycles?*

MR. MITCHELL: We have tested it by applying hot and cold water to it and by measuring the deformation; the restraints are within what we considered reasonable for this kind of housing. Yes, it is unbalanced and yes, it is stressed. But the system that we have built and the units we are working with are small enough that the edge conditions included the behavior of the real system.

It might interest you to know that, as far as costs are concerned, we have so far spent four times the amount awarded by the government contract for our services; less than half of 1 percent for contingencies is all that was allowed.

Testing the Dome

QUESTION: *Professor Paraskevopoulos: on the dome, what was the essential bearing capacity per square foot of horizontal projection?*

MR. PARASKEVOPOULOS: The design load was for about 30 pounds per square foot. Actually, the structure could have the capacity to withstand over 100-mile-an-hour winds. From the standpoint of the wind, which is a critical factor, it's been lab-tested for wind loads representing up to 120 miles an hour.

QUESTION: *If you tied down the bottom legs of the dome as you carve it out, tied them to a foundation, what is the tensile strength of the wall in wind pull? I'm supposing that that top vent couldn't be closed and it started pulling. Would it pull apart?*

MR. PARASKEVOPOULOS: Well, no, the people who use it didn't feel it would. I don't have all the technical information here with me. But what happened, as a matter of fact, is that there was a little draft with the valve at the top and the people who use the dome closed it so they wouldn't have the draft. Actually, it is located in a very exposed part and has withstood 70-mile and 80-mile an hour gusts. We don't really have a good theory to fully understand how to compute foam plastic structure for one thing. Besides strength, there are other critical factors in these materials that make them different from conventional materials.

The Folding Paper House

QUESTION: *In the folding structure, what's the interior — urethane?*

MR. PARASKEVOPOULOS: The interior is also paper. It's a sandwich panel; it has paper on both sides and it is produced on a continuous basis.

QUESTION: *No foam is in between?*

MR. PARASKEVOPOULOS: Urethane foam. It is continuously produced between two rolls of paper and the material comes out as a panel. There is a sheet on the bottom, liquid urethane is distributed on it, the top sheet comes down, the foam action and adhesion take place simultaneously, and the sandwich panel is produced.

QUESTION: *So do you say they actually built 500?*

MR. PARASKEVOPOULOS: 1,200 and up were ordered.

QUESTION: *I mean, they were shipped? They were made and shipped for migratory houses?*

MR. PARASKEVOPOULOS: They were put up, yes. Actually the people who did the planning are from the University of California — one of our ex-students was involved who now is an associate professor at the University of California and Stanford.

QUESTION: *How did they handle the mechanical elements?*

MR. PARASKEVOPOULOS: In this case what they did was to install gang toilets and showers for the various communities. The shelters were separated into two-bedroom units, and the mechanical elements were in separate units.

QUESTION: *How about heat and end enclosures?*

MR. PARASKEVOPOULOS: The end enclosures are elements that can be made out of a wood frame. You don't need heating, but you really need some insulation. The shelter's very good, because it has urethane, and a light-reflecting coating. You also need some cross-ventilation, which is provided through the ends. The cost of each of these units is about \$500.

QUESTION: *Including the slab?*

MR. PARASKEVOPOULOS: Including the slab. The shelter was either \$400 or \$500; but anyway, the total was below \$600. Then, by the time they took care of sewerage, roads, and things like that, the cost came to \$1,200 per unit.

Use of Concrete Block

QUESTION: *Mr. Mitchell, may I ask a question? You've been involved, I believe, in construction of low-cost housing in Latin America. Is that true?*

MR. MITCHELL: Yes, sir.

QUESTION: *Is it true that the material which you used was concrete in the form of blocks or panels?*

MR. MITCHELL: As a matter of fact, the frame is made of concrete.

QUESTION: *But not the panels?*

MR. MITCHELL: Not the panels. We could not get the insulation performance out of concrete panels, and we could not get a sufficient volume of construction to justify industry participation for the production of new materials that we had developed.

QUESTION: *I saw a very interesting development you were working on last April. Do you plan to use concrete to as great a degree as you anticipated then?*

MR. MITCHELL: No, but we have developed concrete with a density of 60 pounds per cubic foot with strengths of 5,000 pounds per square inch with reasonable insulation factors, which we are using.

QUESTION: *Would you reject concrete buildings constructed in blocks?*

MR. MITCHELL: Not at all.

QUESTION: *You would not reject it?*

MR. MITCHELL: No, as a matter of fact, for the work that we were doing in the South, we proposed using a block infill on the frame as a self-help material, the idea being that the technology went into the frame and then self-help was used for nonstructural finishing by the local people. At the moment, however, we are not using block.

QUESTION: *You emphasize, in the South, but do you have it for this part of the land, the North?*

MR. MITCHELL: Not with the environmental properties that we were looking for, no.

QUESTION: *What's the difficulty?*

MR. MITCHELL: Insulation. In order to build in the insulation factor, we had to go to so thick a panel that the cost became prohibitive. Concrete block wall has very bad insulation properties, and for the kind of heating required, it was inadequate. We are using central heating, which permits us to cut the cost of heating by going from the core outward. However, this presupposes certain performance standards for the exterior walls. Such performance in concrete block walls is not commercially available in this country at this time. Although we know how to make them, we can't get manufacturers to make the investment to fabricate them. As a matter of fact, we have had a difficult job finding people to make the investment for the forms to cast the framing components that we plan to use here in Detroit.

QUESTION: *If my information is correct, concrete is being used in Russia for large-scale construction. Now, Russian winters are infinitely more severe than ours, because they are a much more northern land. How is it that they can use concrete for Russian buildings, but that you have to use —*

MR. MITCHELL: Very simple, sir. I just presented a paper in Denmark this summer on low-cost housing and was the guest of the Danish Research Institute, to look at the construction that Denmark was doing. Denmark started post-war construction using the large-panelled, concrete frame buildings.

However, they've had 20 years of government subsidies in the precast industry. And as one fellow confided to me, they are almost to the point where they are breaking even. The writeoff time on any major piece of equipment is five years and the government, in fact, has a policy that guarantees five years' worth of construction for any investment they make in a plant.

Our government provides no such support. In fact, it will buy 18 units, or 20 units, or 100 units, but never in a large enough block to justify the kind of capital investment that is needed. If you look at

Russian industry four years ago, the Russians pointed out that the cost of the industrialized construction with concrete was infinitely more expensive, but it was cheaper in terms of man-hours. They were short on labor and they needed to build more rapidly. The United States has not yet come to grips with the need to build rapidly, and when we do we'll build with concrete panels. Then there will be government subsidies for companies to get going. At the moment, it's impossible.

QUESTION: *Supposing the government were to construct a thousand houses on a military installation. Would that be sufficient demand for you to produce, or for your other friend here to produce, something new — if guaranteed a thousand units?*

MR. PARASKEVOPOULOS: Are you asking me this question?

A VOICE: *Yes.*

MR. PARASKEVOPOULOS: I think that could be done with the filament-winding system. The problem with these things is very simple. Unless you build them, unless you have people live in them, you don't have any information which is really very necessary to encourage development.

MR. MITCHELL: Just to give you an order of magnitude, we are joint-venturing on a project with a firm in Milan that has built large-scale units. They use a highrise concrete framing system, and we have been looking in this country for a large enough number of units for us in this system. The problem is, we are not building enough, and it's spread out over a longer time because we have a certain amortization, and it turns out that the breaking point for this concrete system, which is for Italian or French climate — and ours is more severe — is about five to seven hundred units and this is a totally portable plant. One of the things that intrigued me about it is that the structural system is quite good but the mechanical system is lousy. The plumbing system is lousy, and I'm convinced you wouldn't live in the building, because all the other things haven't been studied out.

Then we speculated in terms of the design time required to take this system and put in all of the other amenities which are considered necessary in order to make it go in this country, and still get the cost. We estimated a design contract of about \$500,000 in terms of man-hours to program this thing for highrise construction in this country. And I will be very frank with you. You know when the government talks about spending \$40,000 or \$50,000, it's big time in housing, so you know the scale. The magnitude which the government is thinking of in residential research is two to three orders of magnitude out of the way, so we are not in a position to go ahead.

MR. DOUGLAS: *I heard you in April, Mr. Mitchell. I thought that your structure was just around the corner. As a matter of fact, we set the original meeting here in July, because you said you would have the building up in June, and then we postponed it to September. We had another delay, partly because of the riots. But we also waited because we thought that would give you more time. Now we*

are here at the end of September, and you say you will be ready in a few weeks; so winter is coming on. Now, when should we come back and see these 17 houses here in Detroit. I'm not giving you a scolding, but I mean, we can't wait forever.

MR. MITCHELL: As soon as the Archbishop gives us the land, we can build.

MR. DOUGLAS: You haven't even got that?

MR. MITCHELL: That's all we need.

Cement-Bag House

MR. DOUGLAS: Well, you know, you fellows sometimes make things too complicated. If I may explain, we went down to Dallas a few weeks ago. There we found a house that had been constructed in 16 man-days, or roughly 400 man-hours — a house of concrete which had been built up out of burlap bags filled with cement, sand, chipped stone. These bags were piled up to make walls, and then water applied — sufficient water so it permeated the cement in these bags. In effect, you had cement blocks there. Then liquid concrete had been applied to fill in the crevices, and the skin had been put over it. There were three bedrooms, a living-room, one-and-a-half bathrooms, air-conditioning and heating units. It was a house that I would be very, very happy to live in myself. I think many of us would who saw it. The total cost was \$7,500, including \$1,200 for land. Therefore, \$6,300 for 1,020 square feet, or an average cost of \$6.17 per square foot.

Now, I have told a friend of this, and he said, "Oh, that method is too simple. The method of science is providing something more and more complicated. The idea of building a house by merely putting bags on top of each other — that violates the entire principle of science." Well, I said that to my mind it's a good house. Mayor Vandergriff has seen it a number of times. Now what's wrong with that?

MR. PARASKEVOPOULOS: Well, I don't know exactly the house you are referring to, but we have, in our own work produced a number of structures and, theoretically, you can build one structure for \$6 a square foot. By the time the structure is normally produced to be marketed on a scale which makes sense, the figure jumps up quite a bit. You take, for example, something that requires somebody to put bags one on top of the other. This may mean too much labor. I don't know how much time it took in this case.

MR. DOUGLAS: It took 400 man hours, at \$2 an hour. A thousand dollars in wages — unskilled labor — for three boys, one 13, one 16, one 22.

MR. PARASKEVOPOULOS: And how many people like these can you find? How many of these houses can you really produce? If you put them out and you assume this is going to be the building system, you will run into shortage of labor.

MR. DOUGLAS: There's no shortage of unskilled labor. That's what

is in surplus and with a small group of technicians you can supervise the work, isn't that so?

MR. MITCHELL: The man-hours required in Scandinavia for construction of the units you are talking about, is on the order of 150 to 200 man-hours. That has to be the goal to which we can work.

MR. DOUGLAS: *I think they can come down in cost here, because they were filling the bags by hand and you could undoubtedly speed it up by machinery.*

MR. MITCHELL: You might be intrigued to learn that we compared the salaries in our office to what the cheapest man earns that the unions will put on the job we are doing in Detroit, and our senior designers make less per hour than the lowest-paid on the Detroit job.

MR. DOUGLAS: *I'm not going to get into an argument on that point. I'm merely saying if our friend here had a contract for 500 houses, why couldn't he go to it and see which one builds the house in the quickest time at the lowest cost? Would you be willing to compete on that basis?*

MR. MITCHELL: Darn right. But let me put one thing to you. You talked with us in April, but the grant that the government made was finally awarded in June. Our contract was finally approved on the first of September; and the drawings are done. So that gives you some idea of the time-scales of bureaucracy.

MR. DOUGLAS: *You said that — not me — because I would make myself certainly unpopular by criticizing FHA. But assuming that you could move, would you be willing to take it on with three or four alternative methods — to see what you could do?*

MR. MITCHELL: Absolutely.

MR. DOUGLAS: *Are you ready?*

MR. PARASKEVOPOULOS: We are ready. I think Neal's work is somewhat different, however. You see, our work is experimental and this is why we have addressed ourselves to the military. We need to get more information. For many of these new systems we have to get more data. If the military gave an order for 1,000 filament-wound housing units and they would be willing to write it off partly as a more general development because they would also get some benefits for the space and defense program at the same time, the economic justification could be worked out very nicely with the military. We could work out a contract for 1,000 houses a year to be wound on the site. The tooling would cost roughly \$250,000 which, amortized over five years, would mean \$50,000 a year. If you should make the units in the field, you could cut down on transportation cost. If you do it at the central factory, even if you can stack these units together for transportation, you are still transporting them as we did, which cost us \$500 for our unit. Here you have \$250,000 for the machine; write this machine off over a five-year period, and at a thousand units a year, it will add \$50 to the cost of each unit.

MR. DOUGLAS: *Well, the idea of merely putting bags on each other would do a job better than a \$250,000 machine.*

MR. VANDERGRIFF: *By way of information, Senator, the green light was given to build 10 of these cement bag houses in West Dallas, so they can get some up and get people living in them and see what happens.*

MR. WOODBURY: Do you want to proceed with anything further?

MR. VANDERGRIFF: *No, no, I'd rather wait.*

MR. WOODBURY: How about you, Senator?

MR. DOUGLAS: *I have talked too much already.*

MR. MITCHELL: May I answer the question that you just raised, by not raising it? One of the critical concerns in housing would be to find a way to get the mechanics of housing to use the unskilled. That would be a major breakthrough. Housing has the lowest entry level of skills of any of the crafts. That is why I asked Mr. Reuther at lunch how to get the unions to participate. The problem is so immense that if we could find a way to use these people, with the kind of housing solutions that are coming up, we are going to be way ahead of the game.

MR. VANDERGRIFF: *That's the whole purpose of this plan down our way.*

MR. MITCHELL: These are the kind of things that have to be supported. But if you look at the way they are supported, usually they are supported in a secondary way. Usually it's one house or five houses. Five houses—people laugh at you—that's not enough to chew. You can't pay for the design for five houses.

MR. PARASKEVOPOULOS: I would like to object to something here. It can work both ways. We have done work also in underdeveloped countries. The attitude there is the same: We have unskilled labor, let's put it to work in building. So you have all these housing projects, which do not contribute to development, because what you do is maintain a very low income group. The minute you raise their standard you no longer have the benefits of low cost. In other words, it's always the same story: We have unskilled labor, as Neal said. Building trades may not require great kinds of skills, so let's put them there.

MR. DOUGLAS: *I may not have a high standard of living, but I'd be very happy to live in that particular house.*

MR. VANDERGRIFF: *I wish, if ever you were down our way, you would look at that particular house. I agree with the Senator. Everybody, every engineer with whom I have talked, described this method as the Senator did to you. They ridiculed it. They said, "That's just too simple. There's bound to be something wrong with it." Well, there may be, but at the same time, I believe that it's worthy of a great deal of further study; and fortunately they seem to be going ahead with it now to see if it does have merit.*

If we have a minute, just one other question that changes the direction a bit. It really isn't about anything that you have said here this afternoon, Mr. Mitchell, but about a reaction that I noticed you had to some of Mr. Reuther's remarks. It intrigued me and maybe I didn't read your reaction right. He was commenting upon

the merit of trying in the housing industry to develop a scale of things and a system of things to mass produce elements or parts, as is done in the automotive industry, and I got the feeling that you were taking some exception to that. Did I misrepresent your reaction?

MR. MITCHELL: No. I was taking exception to the misconception that if you prefabricate, you will automatically save money. This is erroneous.

MR. WOODBURY: It's my pleasant duty to thank you very much for an interesting and informative afternoon. We are adjourned.

(Adjournment.)

Statement by C. Theodore Larson, Professor of Architecture,
University of Michigan¹

THE IMPACT OF TECHNOLOGY ON URBANIZATION

Cities and neighborhoods, just like automobiles and the other products of our industrial society, are affected by technological obsolescence.

As new models come along in the form of suburbs with shiny split-level homes on landscaped lots and convenient drive-in shopping centers, the dwellings and stores in existing neighborhoods grow less and less desirable. Gradually they are abandoned by their occupants. Other residents, less affluent, move in, but the urban pressures generated by obsolescence continue inexorably and these residents are soon followed by others still less affluent. Physical deterioration of the hand-me-down structures mounts until the accumulated blight is so great that it becomes difficult to realize that these decaying neighborhoods in our inner cities were once upon a time quite plush and highly desirable.

The same fate awaits the new suburban developments. Indeed, the ravages of time are already apparent in some of the outlying housing projects erected in the early post-war period. With the advances in science and industry continuing to make higher standards of family and community living available at an accelerating clip, it is a safe bet to predict that these new suburbs will be our new urban slums just a few short years hence.

Unfortunately, we have not yet learned to cope with this phenomenon of change in the patterns of urban growth. Obsolete automobiles can be towed off to a klunker graveyard or compacted into a bundle of metal to be reprocessed into new industrial products, but obsolete buildings persist in standing intact as seemingly immovable obstacles to social progress. Efforts are made to "modernize" old tenements, but the net gain hardly seems worthwhile in view of the larger good that could be achieved by using the same money for the construction of new-type dwellings. Yet some of the older structures are so durably built, particularly the boarded-up old neighborhood movie theaters, that it would cost more to get rid of them than they are worth on the open market. From the viewpoint of a continually changing industrial society, we have been over-emphasizing structural permanence.

If we are not to pass on to our descendants the same problems of urban blight and obstruction which we have inherited from our forebears, it is clear we will have to change much of our thinking in regard to building design as we revamp our outmoded urban areas and build new urban communities to take care of anticipated population increases. If we, and our descendants, are to continue to have the good new things in urban life which are promised by the advances of

¹ Professor Larson submitted this written testimony. Illness prevented him from appearing. His associate, Stephen Paraskevopoulos, testified in his stead (see page 153). Duplicate material in their two statements is omitted from the Larson statement to avoid repetition.

science and industry, then we must definitely rid ourselves of the notion that a city or any of its constituent parts are static things that can be expected to last indefinitely as originally planned. There must be designed into each community a capability for rapid adaptation to change, change that to a large extent cannot be foreseen at all.

In short, the impact of technology on American cities has already been so devastating that the resulting problems demand, as a kind of feedback reaction, a radically different technological approach to both urban design and building design. As an architectural researcher concerned with this new approach, I should like to comment briefly on some of its implications.

The Concept of Time-Zoning

To the urban designer, control of the time dimension now becomes as important as control of the dimensions of space. Each community has to be conceived as an entity comprising various facilities—transportation networks, buildings, utility systems, open spaces, and the like—all of which must be assigned not only specific geographic locations but also specific life-spans during which they can be expected to remain useful and desirable. Since there is as yet no established technique for determining the life expectancies of different building types or other facilities, all the urban designer can do is to fall back on his intuition and set some arbitrary time limits as to their probable lengths of desirability.

The important point is that such consideration of the time factor in urban design introduces a new mode into the cost-accounting of the various urban facilities. The cost of any building has to be reckoned as not just the expenses incurred in acquiring and improving the land and in designing and erecting and furnishing the original structure, but rather a sum total which includes also all the costs of operation and maintenance and alteration over its entire life span, whatever this may be, plus the cost of removing the structure when it finally becomes wholly obsolete and is no longer wanted, less any salvage value the dismantled building parts and materials may have.

The financing of all buildings and urban facilities should be governed accordingly. Indeed, each community should make certain, through appropriate taxing and fiscal procedures, that no physical element reaches the stage of utter obsolescence without a financial reserve having been built up to insure its removal to make way for something more desirable.

Since the rates of obsolescence vary with different types of buildings, as well as with the different parts and subsystems which make up each building type, it is obviously not a simple task to try to determine on an urban scale the probable total effect of all these variations in the time dimension. Computer technology and simulation analysis should be a big help, however. Considering the large investments which the big insurance companies have in urban real estate, it would appear to their own advantage to encourage research into the measurement of building obsolescence and the techniques of time-zoning.¹

Experimentation in New Construction Techniques

To become fully effective, time-zoning requires the development of structural systems which will permit structural changes to be easily made in existing buildings and thus facilitate the introduction of new amenities in living.

The University of Michigan's Architectural Research Laboratory has been experimenting with several new structural systems of this sort. Two projects are worthy of note because they illustrate different technological approaches.

The first is a system of prefabricated steel parts which can be readily bolted together in the field to form a skeletal structure to which various kinds of modularized wall, roof and floor panels are then attached. When no longer

¹ So far as known, the concept of time zoning was first set forth by K. Lonberg-Holm in an article, "Time-Zoning as a Preventive of Blighted Areas," which appeared in the June 24, 1933 issue of *Real Estate Record*, published by F. W. Dodge Corporation.

needed, the structure can be just as readily taken down and the parts removed to another site to be used all over again. The new structure can be identical in size and shape, or quite different, as desired. Since the salvaged materials and parts are intended to be reusable, they must be durable and of high quality. However, because they can be quickly assembled and disassembled, there is a substantial saving in labor time which makes the total system relatively low in cost.

Evolving out of a research project sponsored by the late Charles W. Attwood, an architect who became an industrialist, it is known as the Unistrut Space-Frame System. So far it has been used mainly in industrial and commercial applications. Perhaps the most significant application is the "package" of materials and parts which the U.S. Department of Commerce acquired several years ago; this single package has been used repeatedly for a long succession of demountable trade-fair buildings in different countries around the world, each varying in size and shape and each time being designed by a different architect to be of service for a limited period of time.

More recently the Architectural Research Laboratory has been investigating for the U.S. State Department's Agency for International Development the feasibility of using foam plastics for low-cost housing in the underdeveloped countries. This project¹ is under the direction of Professor Stephen Paraskevopoulos. . . .

Chemically created structures imply some new trends in house production. By folding thin flat sheets of paper-skinned "foamboard" and then bonding them together, accordion-like shells can be formed whose geometry alone provides surprising strength. In another system, Dow Chemical's "spiral generation" process, long strips of styrofoam are fed into a machine on a revolving boom which rapidly heat-bends and heat-seals them into a large lightweight dome.

Another exciting development which comes out of the aerospace industry utilizes a machine which literally spins a box-like cocoon by depositing glass fibers and a plastic resin on a revolving mandrel. The first prototype unit was developed by Professor Paraskevopoulos and his colleagues in collaboration with Hercules Powder. . . .

A consumable architecture designed to be thrown away after short use goes counter to the nation's Puritan ethic of economy. But why should we continue to insist on dwellings lasting for 40 to 60 years and even longer when we take it for granted that a 7-year-old motor car is ready for the scrap pile?

People have already discovered it costs less to replace a used styrofoam cup with a new one than it does to wash the old one. The same kind of economy should be true for buildings that are continuously being replaced with units offering a higher standard of livability. Loss in human energy or in the development of human potentials is more to be deplored than any seeming "waste" of inanimate matter.

Urbanization on a Regional Scale

The automobile has already demonstrated how technological innovations in transportation can affect the patterns of urban living. The old boundaries which define the spatial limits of a city become a fiction when the citizens each day commute long distances beyond in going between their places of work and their homes. With suburbs fanning out in all directions, it is difficult to tell where one community ends and the next one begins.

The new Interstate Highway System introduces another complication. All along the motor roads can be seen the beginnings of a linear type of urban growth. Similarly, new-type settlements are springing up around the major outlying airports. Cities and towns are being linked together in a new phenomenon—the urban mosaic known as megalopolis. We see it here in the development of an integrated "Great Lakes Community," with Detroit as an urban center having extensions which take in Grand Rapids, Chicago, Milwaukee, and the Twin Cities to the west, and Toledo, Cleveland, Pittsburgh and Buffalo to the east, not to

¹Described in detail, "Structural Potential of Foam Plastics for Housing in Underdeveloped Areas," Architectural Research Laboratory, University of Michigan, Ann Arbor, 1966.

mention another extension that swings up into Canada to include Toronto, Montreal and other cities along the St. Lawrence.

If there is to be a harmonious urban growth over this vast region, it is evident that the changes in land use taking place in any single urban node (it seems old-fashioned to continue using the term "city") must be coordinated and synchronized with the changes proposed for all the other urban nodes. The principle of "one for all and all for one" must take command when urbanization reaches a regional magnitude.

This is indeed a formidable challenge to the urban planners and designers. In view of the morass of conflicting interests and selfish political jurisdictions that exist in every state and county as well as every city and town throughout the region, how can there ever be a unified planning and design approach which will be to the ultimate advantage of each urban node in the regional mosaic?

One bright ray of hope lies in the large universities operating within this region. With their wealth of information and know-how, as represented by the various academic disciplines and professional faculties on each campus, they are in a position to provide an objective flow of advice on both a local level and a regional level.

It is therefore highly significant that the state universities have already begun voluntarily to move in this direction. Several years ago, inspired no doubt by the spirit of cooperation between athletic departments which has resulted from intense rivalry on the football field, the presidents of the Big 10—Illinois, Indiana, Iowa, Michigan, Michigan State, Minnesota, Northwestern, Ohio State, Purdue, and Wisconsin—got together with the president of the University of Chicago and organized what is now customarily referred to on each campus as simply the CIC, the Committee for Institutional Cooperation. Under an executive director, Dr. Stanley Salwak of Purdue, the CIC is responsible for promoting a mutually beneficial exchange of books, students, faculty members and other resources between the 11 institutions. It is, in a way, the beginning of a Super-University of the Great Lakes.

Recently two subgroups have begun to emerge within the CIC. One, headed by Dr. Carl Runge of Wisconsin, is known as the Council on Economic Growth, Technology, and Public Policy (CICCEG). The second, made up of representatives from the CIC universities with architecture and planning departments, is called the Committee on Urban and Regional Design (CICURD).

Each CIC group sees the work of the other as being pertinent to its own work. The social and economic planning specialists who constitute CICCEG feel a responsibility for identifying and analyzing the various problems of social and economic growth which confront the region as a whole, whereas the CICURD representatives believe they should see to it that whatever social and economic recommendations are thus forthcoming will be translated into a variety of specific urban or regional design proposals for public consideration. Both groups expect to be working with local, state and national organizations, both public and private, as well as with each other in the compiling and processing of information on regional needs and resources. Upon request by a community, its local development problems could be used as case studies by collaborative student design teams working under faculty direction, as is already the practice in many schools of architecture, landscape design and town planning. Planning and design proposals prepared in this manner would be turned over to local citizen groups to be displayed and debated as alternative possibilities in the further development of their neighborhoods and communities.

Both CICCEG and CICURD are still in their infancy. They have a long way to go before they can be expected to contribute substantially to economic growth and urbanization in the Great Lakes Region. If support could be obtained from HUD and other Federal agencies concerned with urban and regional development, their own growth would of course be accelerated. In the interests of urbanization on a national scale, this would appear quite desirable.

St. Louis

Commission Members Present: CHAIRMAN PAUL H. DOUGLAS, JOHN LYONS, RICHARD W. O'NEILL, MRS. CHLOETHIEL WOODARD SMITH, TOM J. VANDERGRIFF.

Because the provision of decent housing cannot be separated from the question of a suitable living environment, the Commission turned its attention to various aspects of the larger setting of the cityscape during the morning of its day of hearings in St. Louis. Significant in the testimony was discussion of air pollution as an increasing hazard to healthful living.

*Soldiers Memorial
St. Louis, Missouri
Morning, October 11, 1967*

A SUITABLE URBAN ENVIRONMENT

Introduction

MR. DOUGLAS: Ladies and gentlemen, may we come to order? We are delighted to be in the St. Louis area. Our Commission, the National Commission on Urban Problems, was established by President Johnson last January, and we have already held hearings in 16 cities throughout the country, from Miami to Boston, and from New York to San Francisco.

The President asked our Commission to examine a number of specific problems. It is impossible for us to examine each of these issues at every hearing. We try to concentrate on specific issues at each session. We will examine the question of "a suitable living environment" here in St. Louis. The way to reduce smoke and pollution is one of the areas we want to examine.

This afternoon, we will hear witnesses in the area of building codes. After that, we will look at some of the low-income housing and we will look at your Gateway Arch, and I guess there will be a wide discussion of the World Series.

We are especially pleased that one of our members, Mr. John Lyons, is a resident of St. Louis. Mr. Lyons is among the most hard-working members of our Commission and has helped us to make it

a working Commission. He is, as you know, President of the International Association of Bridge, Structural and Ornamental Ironworkers, and has a splendid reputation as a representative of labor, also, as a citizen who has brought highly intelligent insights to our work.

While we are here, I am going to ask him to take the chair. Let me say again, we are pleased to be here in St. Louis and I am delighted to ask Mr. Lyons to preside.

MR. LYONS: Thank you, Senator. It is indeed a privilege to be temporary chairman of the Commission for the purpose of conducting this hearing in what I consider my home town, having lived here so many years. And to be able to present to the Commission some of the outstanding people from this area who have been deeply involved in the matters that this Commission is looking into in the urban area.

First, let me read a telegram which we just received from an outstanding American citizen, Senator Stuart Symington, who so ably represents citizens of Missouri and citizens of the country. He says, "We are honored to have you in St. Louis today. The problems of maintaining a suitable living environment in our great urban areas is among our most pressing problems and we look forward to your meeting. With warm regards, Stuart Symington."

The first citizen of St. Louis we are calling upon to express his views on the matters of our interest is our own Mayor, Mayor Alfonso J. Cervantes.¹

Mayor Cervantes in his two short years since having taken over the reins of our city has placed tremendous emphasis on major points — physical rebuilding of the city and renewal of its life. He has been responsible for St. Louis being one of the first major cities to put into effect air pollution standards that can meet the No. 1 environmental problem of our times. He has been instrumental in pushing and achieving successful passage of bond issues that are so important for capital improvements in our cities. I could go right down the list of civic endeavor after civic endeavor that he has spearheaded to push St. Louis forward. So it is with a great deal of personal pride — because I consider him among my very fine friends, as well as the outstanding Mayor of our City — that I present him to the rest of the Commission members and to the others in attendance. With no further words, let me introduce Alfonso J. Cervantes.

STATEMENT BY MAYOR CERVANTES

MAYOR CERVANTES: Thank you. Mr. Chairman and members of the Commission, I certainly want to take this opportunity to thank you for considering St. Louis in your explorations and I hope that your

¹ Mayor since April 1965; previously member of Board of Aldermen for 14 years and President for four years. Background in business.

whole tenure here will be instructive and very pleasant. I have prepared a general statement which I am going to read, because I feel the subject is so important. But in addition to that, I am hoping afterwards to have some questions with answers to give you on the real problems that are confronting the American scene today. Your commission can do so much to highlight the basic urban problems of America.

Your agenda calls for a discussion of the question, "What is a suitable living environment?" Although we all wish there were, there is no ready simple definition to that question. But perhaps we could define a "suitable environment" as being one where at the least every man could live in a decent home and neighborhood and have a job that made it possible for him to make his own way in dignity. That definition is so phrased because I do not see how we can ever achieve the "suitable" if we merely rebuild our cities physically without achieving human renewal.

So far, we have found ourselves better at piling bricks and steel together than we have in fitting into our society the hapless by-product of socio-economic changes — a by-product usually referred to as "the disadvantaged." To be more explicit, it would be futile to build even the most modest kind of new building if we have not provided the job opportunities to create potential owners and tenants for those new units.

It is the old story that "for want of a nail a shoe was lost," etcetera. Gentlemen, I submit that the cities have lost so many nails that unless we hammer away on new ones for every need, we may reach the end of that old rhyme and find that "the battle was lost."

The concern of the Commission here is largely on some aspects of the physical rebuilding of our cities and improving their general environment. I should like to address myself to only a few of the many aspects that are involved.

Three Facets to Air Pollution

The problem of air pollution in this and in all areas has three facets. There is the sheer technical complexity of it. Then there is the political science technology. And, as always, there is financing.

Leaving the technical complexities aside, I should again wish to point out the importance of the Senate version (Bill 780) of the Air Quality Act. I do so because it is our conviction that no region, particularly if it has a bi-state makeup, can ever achieve the goal of clean air without back-up powers at a Federal level.

We trust that we in this region will never need Federal intervention. But powers for intervention against inertia and private and political pressures should exist. Only then can we move without undue dawdling to achieve bi-state compacts and uniform standards for regional air sheds, and assure that enforcement throughout an area will be vigorous.

We in the St. Louis region are moving along rather well, and my remarks are intended only to impress you with the need of having the Federal Government be a strong partner in our efforts and those of all other regions. This would include financial aid.

On the subject of housing, we in St. Louis have the figures to show that we not only pioneered in neighborhood rehabilitation but have made it work. St. Louis had the Nation's first Minimum Housing Standards Ordinance, passed in 1948.

It was 12 years ago that we began our rehabilitation approach. Under it homes of a selected area are brought up to standards by the owners. Meanwhile, the City makes the public improvements necessary, with new street lighting and neighborhood parks being examples.

Here is what we have done: Work has been completed in 15 areas covering 602 square blocks or 3,450 acres. There were nearly 20,000 dwelling units there with around 140,000 residents. The City spent \$8,250,000 while the citizens spent \$8,360,000. The total result is that we have 602 square blocks that could have become slums.

On this point, take note that all of the funds were provided locally. It was 11 years after we started our program that there was Federal legislation to provide funds for rehabilitation. We are most pleased this year to have received one of the first major grants, for \$1,900,000. To this we have added \$660,000. This has funded work now going on in three areas which cover 374 acres and are home to 16,000 people.

We have many other areas to be covered. We have an application pending for \$1,400,000 for a neighborhood where 85 percent of the buildings are below standards.

We are convinced this rehabilitation offers great possibilities for any city and should be given a more prominent priority in Federal funding.

There seems to be some misconception that housing standards code enforcement can be applied just anywhere. Although it is the basic guide for rehabilitation areas, it simply is not feasible in the very worst slum areas. To bring some of these buildings up to standards would probably cost as much, if not more, as building new units. And very sadly, let us recognize that many of the people who live there would be forced out as the rentals increased.

For the worst of our slums, of course, the ideal is demolition and proper relocation of the families there into decent homes. There must be an urgency in providing these homes. It would be a cruel tragedy in these times of prosperity and technical prowess if we could not find the formula for the task.

Vital Combination of Homes and Jobs

Referring back to my opening remarks, let us note that there is no point to building housing unless at the same time we build opportunities so people can afford that housing. May I emphasize that it

is because we do not wish people to be forced to live in this sub-standard housing that we are putting much emphasis in St. Louis or the vital combination of homes and jobs.

We want to get rid of every last bit of our slums. Just as importantly, we want to give the people there the job training and other opportunities so they can afford decent low-cost housing. I cannot stress this too much, because in the last analysis the only way to wipe out slums is to eliminate the social and economic disasters that keep slums alive.

Let me take note here that cities are merely the reflection of the general state of our society. We in St. Louis are firmly convinced by experience that there is a need for massive Federal aid to cities in this time of crisis. But we also recognize that this would only be the start-up and that it is industry and private interests that eventually must provide the big contribution towards creating jobs and creating better cities.

On housing, St. Louis has proved that urban renewal can produce good privately owned residential projects. In the Mill Creek Valley project alone we have had more than 1,200 units and many more are still to come. Of particular interest is that in Laclede Town we have some 500 units already built with government financing of the so-called 221(d)(3)¹ type. That they are a success is shown by the simple fact that occupancy is 100 percent.

Another development in the Valley is retirement housing. The Teamsters Union, under a Community Facilities Administration program has built 300 units and is starting on another 300 units. And the demand is rather fantastic.

That is what has been done in the Mill Creek Valley alone. There are other smaller low-cost projects on, and the City itself has four in the planning stage.

“Performance” Building Code since 1961

On building codes, the St. Louis story is that we changed from the old type specifications code to a performance code in 1961. The record shows that since then we have built 2,500 apartment units in major complexes alone that meet the most rigorous standards and yet could not have been built under the old code.

These range from the low-cost Laclede Town to the downtown Mansion House complex, outlying luxury apartments and a retirement-style apartment for our school teachers. Then, too, the new code opened the way for such major commercial structures as the new Executive Office Building.

We would be glad to handle any queries from the Commission, and some of our department and divisional heads are here to be of any possible aid. So, with that, Mr. Chairman, we would be very happy to open the program to any questions.

¹ See footnote, page 10.

MR. LYONS: Thank you very much, Mr. Mayor. Let me call on the Commission members for any questions they desire to pose in relation to what you have stated.

QUESTIONS BY COMMISSION MEMBERS

MR. O'NEILL: *Mayor Cervantes, one thing that we encounter again and again — in the process of urban renewal, rehabilitation or demolition — is that the business of relocating the citizens in the area is always a problem, a social problem as well as a political problem. In the 602-square-block area, there had been 140,000 residents. Were you able to rehouse most of those residents in those 602-square blocks?*

MAYOR CERVANTES: I believe, first, we would have to talk about the Mill Creek area, which is the 400-some acres that was done approximately 11 years ago. I was not Mayor at this time. The project was under the last administration. But I know — I was serving on the Board of Aldermen at that time — that there was a tremendous problem with the relocation concept and I believe since that time, the concept has changed vastly. This was one of the first large urban renewal programs in America, and the experience wasn't there. But today, on rehabilitation and urban renewal, I think suitable relocation areas are provided and probably our problems there are taken care of.

MR. O'NEILL: *Then, today, you carry out a rehabilitation project step-by-step and finish this unit and perhaps move some families into that, and perhaps do the next one?*

MAYOR CERVANTES: Yes, this is the way it would be handled today. On our housing programs, of course, we just have the Blumeyer, which is just about completed; we have the West End project, where we are encountering some problems, but I think they are now getting worked out. We have an application for the DeSoto-Carr area at the present time, which is an urban renewal program. This area is so demolished and so rundown that there aren't many people living there any more. I think there are in the neighborhood of 1,600 people where we are now trying to get the next urban renewal program started.

MR. O'NEILL: *What kind of financing did you have in that 11 years ago, in that 602-block area? What kind of loan was it?*

MAYOR CERVANTES: I can't really tell you, but perhaps we have someone here that can. Is Mr. Brown here?

MR. O'NEILL: *Was that a low-interest note?*

MAYOR CERVANTES: It was handled by our Housing Authority and, as I pointed out, I wasn't in at that time. It came under the St. Louis Housing Authority and I frankly cannot tell you how that was handled.

MR. O'NEILL: *What are your levels of 221(d)(3) rental rates now for one to four bedrooms? Is there anyone that can tell us that?*

MAYOR CERVANTES: I doubt that there is anybody here. I know they are in the area of \$125 — somewhere in there — but I cannot tell you exactly. I can before the Commission leaves. I can get that for you.

MR. O'NEILL: *What about the rental per room in public housing? Could we get that? And how many units there are in the city? And is there a breakdown of household income by population?*

MAYOR CERVANTES: Breakdown for what? Would you restate that question, the last part?

MR. O'NEILL: *We would like to know how many people, at what level of income each is.*

MR. LYONS: Let me ask the staff to make a listing of these questions from the transcript that is being taken and mail it to the Mayor so that he can have his staff get the technical answers.¹

MR. VANDERGRIFF: *Also, as Mayor Cervantes knows, some of the housing people will be with us when we tour the area this afternoon.*

I would like to have your reaction on a point pertaining to the manner or the general rule-of-thumb in which Federal aid is directed to your city. There is much conversation now on this point. Should this aid be directed through the states to the cities, or should it come directly to the cities themselves? I know nothing at all of your experience in Missouri or of your State's interest in urban problems. I really would be interested in your reaction on this point, since you do represent one of the major cities.

Federal Aid Direct to Cities

MAYOR CERVANTES: I am very strong in my opinion on this and, of course, I am of the opinion it should come directly to the cities, but let me tell you why. We find that if you put another layer of government in between the problem and the Federal Government, then we continue to dally around and it takes more time, if you ever get it.

As you probably know, even before reapportionment, the urban areas were rurally controlled. Even now, with reapportionment, we still have a tremendous amount of control from the rural areas. Now, since 70 percent of the people are living on 1 percent of the ground, which is basically the urban areas, and since the social problems rest in the urban areas, it seems to me that the direct approach is the better approach.

¹ Information, received later by the Commission, was as follows:

221 (d)(3) rents in two most recently built projects: 1-bedroom \$79-\$90; 2-bedroom \$93-\$103; 3-bedroom \$104-\$113; 4-bedroom (one project only) \$115; older project: 1-bedroom \$90; 2-bedroom \$103; 3-bedroom \$113.

Rents in public housing (by apartment): 1-bedroom \$42-\$45; to \$78 for 5-bedroom, at graded rent, or \$90 at flat rent.

No. units public housing: 7,740, of which 175 are 5-bedroom apartments.

Household income by number of families: to \$999, 425 families; \$1,000-\$1,199, 1,896 families; \$2,000-\$2,999, 1,558 families; \$3,000-\$3,999, 1,106 families; \$4,000-\$4,999, 616 families; \$5,000 and over, 472 families.

Even on many of our Federal programs now, with HUD, and Model Cities, and these other programs, it seems like it takes so long to really close up, and we are talking about housing codes and additional moneys for demolition or whatever the grants may be. It just takes so long to get it now that the problem worsens by the time it happens.

Let me give you an example as a sidelight. We have today perhaps three to five thousand homes that should be demolished — they are a nuisance to the community. It takes approximately \$1,000 per house to raze. This means we need between three and five million dollars. We recently have received grants from the Federal Government for \$100,000 — two of them. This really doesn't touch the problem. By the time we get them through — which takes six months, if you are lucky, or a year, year and a half, two years — the problem is accentuated. Really, you are just breaking even — if you are breaking even. So, if we had another layer of government in between and we had to wait every two years for the legislators to meet and then to go up and fight to get a fair share, we might have additional problems. Many times it has been brought out about the police departments. It seems to filter down into the out-state and the highway patrols and other ways before the actual cities get their money. But, generally speaking — and I am not being critical of the State or being critical of the administration of the State, because we have one of the finest in the country; we are very proud of it — but I think, just as a matter of eliminating additional problems, the money should come right to the source.

Handling Bi-State Problems

MR. VANDERGRIFF: *All right, sir, thank you very much. I would like to ask you a question about this matter of cities being on a state line. You talked about the problems in solving a bi-state difficulty, such as air pollution. This is something with which I am not too familiar, although I live midway between Dallas and Fort Worth and sometimes in the past, I thought they were separate countries, not only separate cities. I am curious about how you approach such a bi-state problem. What are the mechanics of trying to solve something that obviously is of common concern? How do you approach area cooperation when you have a state line in the picture, as you have here?*

MAYOR CERVANTES: Well, Mr. Vandergriff, it is extremely difficult. But what we have done in the St. Louis Metropolitan Area is to create what we call the East-West Gateway Coordinating Committee. This was really forced by the Federal Government some time ago: In order to get funds for areawide planning, an organization of this type had to be created. This organization was created by appointing various people from the east (Illinois) side of the Mississippi River,

from the City of St. Louis, and from the County, under one Board. I think there are 15 members on this Board.

Now, the City has had some problems, but we were not unlike other cities which have had the same problem with an areawide planning board, because the city does not have enough representation.

For example, on the East-West Gateway Coordinating Committee the City of St. Louis has one vote out of 15. Now, when the air pollution program came up, and certain standards were set up, the City of St. Louis felt that necessary standards were the correct standards. We have a highly industrial complex over in East St. Louis with the steel mills. We have strictly suburban living out here west of us and, of course, the three areas evidently didn't coincide in their thoughts; so when the vote came up for the standards, it happened that the vote was fourteen to one. It seems to me that the tail is wagging the dog, and that the outlying areas have more to say about what should be done in planning than the basic concept. This is how we have tried to approach the problem, but yet it hasn't happened the way we would like it to.

Then, of course, there is the area of what we call the Bi-State Agency. The Bi-State Agency was a compact between the State of Missouri and the State of Illinois that was created to handle our transit system. This is another method that can be accomplished.

I do believe though, that in air pollution, which your Commission is concerned with, you are going to have to have the Federal Government have a big stick some place to move in and make the people of the area adhere to certain standards.

We would like to see these laws enforced stringently. At the present time, I think we are going to have a very difficult time of getting the other parts of the metropolitan community to adhere to the strict standards that we have set for ourselves. This is going to be very bad, in that if we can't get it done, we may take the change of running some industry out of here.

I really don't believe it is going to happen. I just believe that Congress sees this problem and will have to step in so the industry will have nowhere to go running away to.

Again, this comes to having a suitable life and quality living. I like the word quality living really better than suitable living, because I think that we can make quality living by doing just what your Commission is trying to do in working on the air pollution problems and housing problems.

The Senator has pointed out that 2 million houses a year have to be built; it is just unfortunate that the Congress has not seen fit to move more rapidly on the programs before now, because we need to really talk about quality living. We need, frankly, about \$15 million a year for the next 10 years to bring St. Louis to what you might call, for all of us, quality living. I pointed out in Washington to the Commission on Civil Disorders that we have approximately

20, or 25 percent of our city that has to be just redone or rebuilt; and we could take the Marshall Plan, which rebuilt the European cities with about 1.5 percent of the gross national product to do that. We could take three-quarters of 1 percent and eliminate 40 percent of the slums and poverty in the United States. This comes with suitable living or quality living and I think that your Commission should be concerned about it.

We have some 22 million people in the United States who are not receiving a decent wage and are living in poverty and under poverty limitations.

Over the last 30 years, I guess, the United States has made some progress: Roosevelt said 33 percent of the Nation was ill-clothed, ill-housed, ill-fed. Today, we are down to maybe 15 percent, 18 percent — somewhere in there. So we have been making progress, but not enough progress — not for the industrial giant that we are today. It seems to me that Congress should just dedicate itself to rebuilding the American city, which is a national problem, and, really, your Commission is at the very heart of our problem.

Industry in the Central City

MR. VANDERGRIFF: *Let me ask one last question. We have heard a great deal about providing better housing in the central cities. But as we visited the central cities really not too much has been said about promoting industry within those cities. This seems to be a major concern of yours, and I must say that I am impressed that you are not overlooking it. What is your program here? What have been the results thus far?*

MAYOR CERVANTES: Well, I would first like to say, Mr. Vandergriff, that we are like many other cities. Over the last 10, 12 years, we have lost 450-some major industries. We lost three to four thousand small businesses. Now, No. 1, I believe that Congress should create tax incentives for industries that remain in the ghetto areas, and create campus type of environment so that you can forget about your mass transportation problems of how to transport people from the county to the city to get to their jobs. The suburban and the rural areas have all types of tax concessions and bond issues and promotional plans, so that a company can come into a small town or into the suburbs and get favorable leases, and don't have to put up capital. The cities go out and float bond issues for them. That moves that industry right there.

So it leaves us, really, with the ill and sick and poor, and people who are not trained where they could have the jobs right across the street. Now, unless we create some type of tax-incentive program and training programs right in the central city, we are multiplying our problems. I believe that this can be done rather simply, and I think we are getting a little late on it as more businesses leave.

This is one program that can be handled on a national basis very easily. What we are doing here is getting a program similar to Philadelphia's. I am sure the Senator knows well about it, that for five or six years, they have had a program where the IRS gave tax incentives to business who located in the city. We tried to get the same concession through the Internal Revenue Service, through Mr. Fowler's department, but we were unable to. We were discriminated against. So we took a different approach and we went to our State legislators to create a plan which we call Planned Industrial Expansion, which allows the selling of bonds, so that the industries can have cheaper money instead of 6 percent or 7 percent, whatever the rate is going now. They can get almost half of that.

This is one program that as of the 13th of October, which is a few days from now, will be in effect in the City of St. Louis. Then we have to ask the Board of Aldermen to pass it. I feel the Board of Aldermen will go along with it.

No. 2, we feel we have to go in to expand our present industries, because 8 percent of the welfare of our city industry comes from the expansion. Everybody is always talking in the Chamber of Commerce, all over the country, about bringing new industry in. Well, I think this is fine. But the most important thing you can do is to hold what you have. You have to put the brakes on that first. This can be done by attitudes, by the mere desiring of business, and letting the business community know that this should be done, and to work with them on their basic problems — parking, traffic, building codes, expansion. I believe that the administration has to help these people and has to show the attitude that they are wanted.

For too many years, the cities neglected their businesses, and thought they were necessary evils, because of the dust and smoke. Yet they are what is creating decent living for many people.

Our Commission on Planned Industrial Expansion is primarily functioning to promote ideas and plans to help businesses. We feel that by organizing a group of businessmen and letting them know that their problems can be taken care of, we can hold them. The tax rates, for example: I have heard many people say they left the city because of the high taxes. I said, "Where did you move?" They tell me some particular place, and we check it out and find out that where they moved to had higher taxes than what the city had. But because of the atmosphere and the social programming, and because it was the thing to do, they left — they just left; whereas, if someone were to stay at his desk at that particular time and review this with them and give them a little more pride in their city, they might have been held.

That is one of the programs that this Commission is going to work on, and we are just now working on the executive director and getting it set up.

These are some of the areas we are working in. We have reduced the percentage-wise merchants' and manufacturers' tax which is a

tax on business — brought the taxes a little bit more into line. Some people feel it is unfair and it is questionable, depending on what business. But I think the big thing, or one of the major items, is the attitude, the esprit de corps of the city. And the City of St. Louis is jumping rapidly. We are moving now and I think that the people are happy. This attitude, and this esprit de corps, I think, are highly important to building an organization or building a city or building a country.

MR. VANDERGRIFF: *Thank you very much, Mr. Mayor.*

MR. DOUGLAS: *First, let me say, as a citizen of Illinois, we are very grateful to St. Louis for leading the country in this program of reducing smoke, because the movement of the earth and the prevailing winds are from the west; so by reducing the smoke hazard here in St. Louis, you have helped us out on the east side of the river, too. We want to thank you very much for that.*

MAYOR CERVANTES: I think you have been talking to Governor Kerner about that statement.

MR. DOUGLAS: *Boston, Philadelphia, Baltimore — the cities where we have held hearings — are all losing population and I don't think we are gaining any population in Chicago. You have been losing population here. Now, does that strengthen, then, the movement for rehabilitation of existing buildings rather than constructing additional homes?*

Housing Market Suggests Rehabilitation

MAYOR CERVANTES: I think, first, we really have to analyze our market, meaning this: Perhaps in the last 10 years we have lost 150,000 whites and for that, we have received some 100,000 rural and agricultural people. So, consequently, it becomes a little more difficult for us to build new homes for many people who are not receiving a decent wage. What we have to do is improve that wage. We have a basic problem, here in the United States, where the whites are making somewhere in the area of \$6,000 a year, and the colored are only getting around \$3,100 or \$3,200. It is difficult to own a \$15,000 house or an \$18,000 house when your average wage is around \$3,000 or so.

So, this calls for rehabilitation, and with the little explanation, of course, that we would like all-new housing, if we could get it. The rent-supplement program is going to help us in some areas, and what we would like to do is rehabilitate some of the homes now so our disadvantaged can have a decent place to live. I think new homes are practically out of the question.

MR. DOUGLAS: *You would favor rehabilitation of existing dwellings?*

MAYOR CERVANTES: This is correct.

MR. DOUGLAS: *As you say, quite a number of the more prosperous elements of the population have gone away in the last 10 or 20 years,*

throwing an increased burden on the inner city. Various efforts have been made, have they not, to consolidate local governments? Isn't that so?

MAYOR CERVANTES: Yes, sir.

MR. DOUGLAS: *What has been the universal experience?*

Unpopularity of Consolidation

MAYOR CERVANTES: Senator, the universal experience, of course, is a negative reaction. This is very unfortunate. I think it was in 1955 that the Ford Foundation gave our two universities, Washington University and St. Louis University, \$500,000 — and their top political scientist came up with a plan for metropolitan planning and there was created a Board of Freeholders from the City and County and a variation of this plan was given to the public by the Board of Freeholders.

When it went to a vote, it was beaten in the city, I think, three to one.

MR. DOUGLAS: *Beaten in St. Louis City?*

MAYOR CERVANTES: Beaten two to one in the city, itself, and beaten three to one in the county. So, really, the city residents didn't care for it and the county residents didn't care for it. The county residents cared for it less, but we have tried it four times since the political boundary lines were set for the city, I think in 1876 — tried it four times.

MR. DOUGLAS: *Do you think you can get a satisfactory financial status for the city until the area of the city is widened to include many of the suburbs with their higher property valuation and higher tax capacity?*

MAYOR CERVANTES: Senator, I think that answer, of course, is going to be a complete merger of the metropolitan area and perhaps even go to regions. This is what is going to develop over a period of years. Under our political setup today, I believe it is an impossibility. People say, well, if you believe in something, why don't you go on to work for it? Well, I just feel that the time is not ripe, and things are going to have to get worse before they get better, and I just hate to waste the time. I spent perhaps a year of my life trying to put this program together in 1955. It is unfortunate, but I don't think this is going to happen.

MR. DOUGLAS: *Constitutionally, the State has the power to act independently to force consolidation. Since local governments are legal creatures of the State, they could do it if they wanted to.*

MAYOR CERVANTES: I am not sure that this is correct, but, really, I don't know. We have different ways set up by the Constitution that we can move, but I don't really believe, under the present laws of the State, that the State can do it, unless there is a vote of the people of the State. You can have a vote of the people of the State and the

people can do it, but I don't think the Legislature can do it. But I am not really positive of that statement.

MR. DOUGLAS: *You have reapportioned in Missouri?*

MAYOR CERVANTES: Yes.

MR. DOUGLAS: *Do you find the representatives of the suburbs are any more appreciative of the problems of inner city than the residents of the rural district used to be?*

MAYOR CERVANTES: I can't say I do. I feel we have the same problem as we have in the Congress of the United States. I find many Congressmen who live in the suburbs really don't understand the problems of the inner cities.

MR. DOUGLAS: *We have found that among our Illinoisians.*

MAYOR CERVANTES: And, of course, there is a political reality of life. It is unfortunate.

MR. DOUGLAS: *Suppose you were to introduce a differential system of taxation in which you would tax buildings and improvements less and tax land values more, thus taking a portion of values created by society for society and giving a stimulus to building improvements by the lower-rate taxation, do you think that would help matters?*

MAYOR CERVANTES: Senator, I know this is being tried.

MR. DOUGLAS: *In Pittsburgh.*

MAYOR CERVANTES: In a couple of states, and I would prefer to hold my judgment until I can see what is really happening in the other areas. I think it is a great idea to try it. I am always one for trying new plans, but there is no sense building two mousetraps.

MR. DOUGLAS: *I am not trying to mousetrap you.*

MAYOR CERVANTES: I mean this. Let's see what happens in the other cities, in the other areas, and then if it works out, I think we should move into it. If they have problems, then kind of steer clear of it. That is the point I meant. Within a year or so, I think we are going to see where the deficiencies are, if there are any, and perhaps improve on it.

MR. DOUGLAS: *I understand that on Formosa the Nationalist Republic of China has adopted such a plan and it has been relatively successful. In fact, this is sponsored by Chiang Kai-shek, which I hope would not deter you from appropriating it if it should turn out to be beneficial. Thank you.*

Is City-Suburban Planning Coordination Possible

MR. LYONS: *St. Louis is an area that has had for many years, and presently has, existing numerous committees, like the East-West Gateway Coordinating Committee and the Bi-State Agency in the area of zoning, which is a very complex area for expansion of this country. In fact, all of our local communities have zoning authorities. Has the subject ever come up in any of these as to utilizing these types of agencies for developing coordinated zoning regulations to plan future growth in an orderly manner instead of what ulti-*

mately would be a leapfrog type of manner? Have they ever got into it, and if they haven't, do you think this would be a feasible type of vehicle, these types of coordinating committees?

MAYOR CERVANTES: I am not really sure that I understand that question. We have a City Plan Commission which really watches our zoning. You know, like a lot of people, we have the red blocks and the round circles and wherever things are supposed to go. I think practically every city in the United States outside of Houston has an active zoning and planning commission. Now, we are trying to work out a 10-year program that ties in all the facets of the city; for example, zoning, what you are talking about — the general planning of the area — along with the urban renewal programs and the capital improvements. The leapfrog program — I don't really understand what this is.

MR. LYONS: *What I was referring to was the problems that came about because the city has its planning commission and the county has one too. Through your vehicles like your Coordinating Committee, as well as your East-West Gateway Coordinating Committee and other organizations that exist, have you ever discussed the possibility that those three groups can get together and work jointly together with respect to future growth in the way of zoning?*

MAYOR CERVANTES: No, there has not really been any real program. The district plan called for this. We are trying at the present time to perhaps work out a regional plan. This is good planning, the things the cities have to watch out for, and it is inevitable. The rural areas and county areas have much more land that they can promote and sell. And so, when we go into general planning, then we are kind of left at this particular point with nothing to gain and everything to lose for the citizens of our community.

Again, we get back to this rural or suburban attitude — that they don't understand the city problems. They have left the city some time ago. It's the same thing that the Senator tells you about — that the Congressmen of the United States don't understand the problems and the state representatives from these suburban areas don't understand them. Then you get into committees with these people with more of them from little suburbs. There is the one big city. We find ourselves continually fighting to stop the raid of our industries. This is a real problem.

MR. LYONS: *Then, because of the lack of understanding, you don't think that type of an agency would be a good vehicle for getting coordinated planning?*

MAYOR CERVANTES: I cannot give you an answer one way or the other, but let me give you the assets and the liabilities. The assets are, yes, metropolitan planning is the way you are going to have to go, metropolitan or regional. The next question, where does the influence come from? Does it come from the inner city or the suburbs? The inner city is where we have the problems and we get back to this tax incentive on industries, and so forth. This is where you have

the real problem. So, we have to be careful that the tail doesn't wag the dog. Now, that is the only thing that concerns me about it. So, if you could orient it to the city so you can have open housing, for example, all throughout the United States and all throughout the counties, and so forth, and have a program such as this, then I will say it is fine, but you cannot get it through when they got the votes.

MR. LYONS: *On the rehabilitation work that you have done in the city, you mentioned the 602 square blocks that were rehabilitated, and that you are now starting on an area which has received a grant for \$1,900,000 to which the city has added \$660,000. How is this rehabilitation taking place? Have you gone in and condemned the whole area or vacated the whole area and rehabilitated all of those places?*

MAYOR CERVANTES: We have taken house-by-house and step-by-step. Our inspectors go in and work with the people who own the places and see what they can do and then try to arrange loans, and so forth, whatever is necessary. Then we go in with the street lights and the alleys, and so forth, so really it is a house-by-house situation in a given area. If the house is too bad, then we knock that one out, but that is very seldom.

MR. LYONS: *The owner, himself, is responsible for getting the rehabilitation done? Nothing is done that is superimposed by an awarding of a contract?*

MAYOR CERVANTES: The rules and regulations and codes are enforced on the owner, and restrictions.

MR. LYONS: We certainly received a lot of very worthwhile comments and advice from you, Mayor Cervantes. On behalf of the Commission, I want to thank you for appearing.

MAYOR CERVANTES: Thank you very much.

MR. LYONS: We will now continue with the hearing with a presentation from one of St. Louis' very distinguished citizens, who I might say has reached the category and distinction of elder statesman at a very youthful age. Former Mayor Raymond Tucker needs no introduction to the people in the audience who are here from St. Louis, or to our panel.¹ He is still active in the community and is professor of urban affairs at Washington University. So may I present Mayor Tucker.

STATEMENT BY RAYMOND R. TUCKER

MR. TUCKER: Thank you, Mr. Lyons. I think this pattern of appointing the retired mayors is becoming accepted. I hear that John Collins in Boston is going to receive a position as professor of urban

¹ Long active in St. Louis civic and political affairs. Mayor of St. Louis 1953-65. Now Professor of Urban Affairs, Washington University, St. Louis; earlier headed mechanical engineering department of the University.

affairs. I want to thank you for the invitation to appear before your Committee. I am somewhat reluctant to express myself because, as I told Senator Douglas, I did not have adequate time to prepare.

Affluence and Effluence

The subject of air pollution is not of recent origin. As far back as the thirteenth century, it was a subject of serious consideration. If my memory is correct, Parliament imposed the death penalty on anyone polluting the air of London while Parliament was in session. So, down through the years and centuries, we have been discharging contaminants into the air. Apparently we did not take as serious a viewpoint as Parliament.

The public, however, must learn that air, water, and land are limited, that the number of Americans is growing, that the affluence and effluence are increasing, forming something of an ecological chain reaction. The 140 million Americans who live on 10 percent of the Nation's land must take vigorous action to clear up the environment.

As the facts become clear, the public will be shocked at the price it is paying for affluence. But if it is obvious that one way to halt the contamination of the environment is to prohibit automobiles, stop electric generation and shut down industry, it is just as obvious that this way is impossible.

What is possible? It is to find ways to eliminate contaminants at the source; or next best, to capture pollutants and use them in a nonharming way; or, finally, to bring the level of the pollutants down to a point compatible with the extent which human action can tolerate. In other words, bring it down to a point where it is no longer a source of injury to the health or welfare of our citizens.

To do this will require the development of criteria which will reflect and set forth the best available knowledge of the effects of environmental contaminants singly and in combination on man's health and welfare. Such criteria would be best expressed in range of effect, beginning at a level of exposure at which no effect can be detected, and extending from that point upward along the spectrum of observable effects. Standards to be promulgated could then be based upon established criteria and expressed in terms of two levels — an acceptable level of exposure and an optimum level.

The acceptable-level standard must be promulgated in recognition both of the need for health and welfare protection and of the availability of technical resources for meeting the standard. The optimum-level standard, or goal, should be predicated entirely on the need to achieve better environment quality without regard to existing temporary technological barriers. These criteria should be determined by the Federal Government and made available to all communities. When they are determined, and they should be determined by ex-

haustive and comprehensive research, the most essential part of an air pollution program starts. This is the enforcement program. There are two main elements in a control program. One element consists of the goals which the area concerned can achieve if the program is properly developed over a period of years. The other element, and the heart of any control program, is a list of standards which must be met as soon as the program takes effect.

In my opinion, the real value of standards lies in their serving as steps which can lead to the ultimate realization of the goals of a control program. One does not wave a wand and clear the air. It requires some planning, a well-staffed organization, and practical goals which will achieve the desired results.

I believe, further, that the people in the many metropolitan areas should always remember that they may be in an industrial area and, as such, can never hope to have summer resort weather. To provide results will require an orderly enforcement program, associated with an intensive educational program which disseminates information on the goals and requirements to be met.

This entails firm administration, backed by the necessary legal authority to demand compliance. The conducting of any program for the control of air pollution in a metropolitan area under the most favorable circumstances is an enormous task. These difficulties should not be compounded by either failing to give those in charge the necessary tools to do the job or by fragmenting the authority of jurisdiction.

As I have said, the task of enforcement is, at the best, an almost impossible task at first glance, unless certain basic fundamentals are accepted by the whole area. Never was a truer statement made than the one which says that pollutants recognize no political boundaries.

In a metropolitan area of St. Louis we have literally hundreds of political boundaries over which the pollutants may drift. Their boundaries encompass political entities of varying size, authority, and economic strength. To expect individually their complete acceptance of any program is the height of optimism. To expect uniform policies of enforcement, if a program is accepted, is also the height of optimism. Furthermore, for a proper enforcement program to be successful, it must be adequately staffed and financed. These small political units, in many cases, are financially incapable of supporting a proper program.

In addition, there are many of the smaller cities that may not have per se an air pollution problem. They may be subjected to the effects of pollution from a neighboring community. If so, even if they had an air pollution department, they would not have any jurisdiction over the offender.

In November, 1966, I said, ideally and practically, the approach should be on a regional basis; that there should be created by whatever state legislation necessary in Missouri and Illinois a regional air pollution district. And this district should be empowered by law to adopt and enforce whatever regulations are necessary for the abate-

ment of the nuisances. There would be one administrative head and one enforcement crew for the region, the cost to be borne by whatever formula the state legislatures of Illinois and Missouri agreed upon.

I have been discussing more or less at random many phases of the problem of air pollution. The controls program should not only be designed to reduce and abate the nuisance, but also to do this in a manner that is palatable and understandable to the violators. Authority you must have to do an acceptable job. But it is not essential that this authority be blatantly used. One should consider those with whom he is dealing as knowledgeable and intelligent. They are fully aware of your authority and threats are not necessary to gain your point. They know that you will have the last laugh.

Ingredients for Successful Program

If one were to briefly sum up some of the necessary ingredients of a successful program, they would be — though not in the order of priority — first, public desire for a program, and wholehearted acceptance of its cost; second, knowledge of the various types and sources of pollutants; third, knowledge of the means available and the limitations for the abatement of these nuisances; fourth, standards adequate to eliminate the hazard to health and property; fifth, central responsibility and the legal authority to meet that responsibility; sixth, financial support of sufficient magnitude and continuity to provide adequate and competent staff, which may require Federal subsidy; seventh, complete freedom from political interference at Federal, state and local levels; eighth, an administrator experienced in handling the general public as well as in operating an organization; and ninth, Federal cooperation with industry to sponsor research to speed up technological advances.

There are other essentials, but they are corollary to the above. The above, in a general way, would produce an organization capable of doing the job. However, the road between the organization and the successful completion of the job is a long and treacherous one. Thank you.

MR. LYONS: Before we call on the members to question former Mayor Tucker on some of his views in this, let me make a short announcement. There are many in the audience who desire to air their views to the Commission and who have not been formally invited to participate. I want it to be understood they will be given the opportunity at the end of the morning session to make a verbal presentation of five minutes' duration. They are allowed to supplement that five-minute verbal presentation by a written presentation to the Commission staff, either here today or follow-up through the mail. So, whoever is interested, please give us your name together with the name of the association which you represent, and I will call upon you one by one.

Let me now call upon the Commission to ask some questions of former Mayor Tucker, commencing with Mr. O'Neill.

QUESTIONS BY COMMISSION MEMBERS

MR. O'NEILL: *I don't have any questions at this point.*

MR. LYONS: Mrs. Chloethiel Smith.

MRS. SMITH: *I have just a couple of questions. I have been in somewhat of a continuous debate in Washington over what percentage of our air pollution problem is attributable to what. I know technically it is not that simple, but our cars, themselves, are responsible. It is a continuing debate as to what percentage is due to automobile fuel sources. Last Thanksgiving, when they had such a bad situation in New York City, the pollution was allegedly at a very great danger point — because of fog and other atmospheric conditions — that might make a lot of us ill. I have never known a precise figure or percentage. Do you have one?*

Where to Begin on Standards

MR. TUCKER: I think those figures are available; whether they are accurate or not is another thing. I do believe one should approach this problem in this respect: that a single automobile is, of itself, not a contaminating influence. A single home, in itself, is not a contaminating influence. A single factory is not a contaminating influence. But when you combine them all, then you get into trouble.

The best illustration I can give to you is the experience that we had back in the Thirties with the smoke problem in St. Louis. The entire problem we were eliminating was visible and when we eliminated it, the people were happy, the shirts were cleaner, and no soot was on the front porch. But we did not succeed in accomplishing the job until we had control of the type of fuel that was being burnt by the homeowner.

Individually, it meant nothing, but collectively, it meant an awful lot. I will tell you why. The furnaces were being fired by children. They were absolutely incompetent, the stacks were very low, it was very noticeable, and you had the worst conditions possible. As soon as we took care of the home, we had a condition which was appreciated by the public and hailed by the public as being something well worthwhile.

I think we have a very serious air pollution problem. So, having accepted that fundamental premise, how are we going to control it? How are we going to reduce it? I have avoided intentionally getting into what I call the numbers game. Whether the criteria should be 2 percent, 4 percent, 1.5 percent, can only be obtained, as I have suggested in my talk, by a very intensive and comprehensive research program on the part of the Federal Government. These criteria should be promulgated when established, to the point where their authenticity cannot be questioned. At the present time, they throw criteria out and then change them. I think when they are once established, they should have some rigidity until they can be scientific.

ically proved that they are false criteria. It should never be left to the whims of individuals.

MRS. SMITH: *How long a job do you think that is?*

MR. TUCKER: It is going to take time and that is the reason why I say at the present time there are two things that are essential: one is a goal which we are going to seek, and another the standards which we can meet now with the current technological development. With the government cooperating with private industry and assisting in the research programs, I think the solutions will come sooner than we think. I suggest this pamphlet as reading for the Committee. The title is "A Strategy for a Livable Environment."¹ I take great pride in it because I was one of the task force that produced this. It came out in June. It takes up this very matter of which we are talking about.

MR. LYONS: Would you give the full title so we can make that part of the record?

MR. TUCKER: I will send you some, one for each one of the Commission. Give me the address of the Commission and I will send one to each one. In fact, some of these ideas which I have expressed have been taken from this.

MR. VANDERGRIFF: *Mr. Tucker, I have heard references, even before I came to St. Louis, about efforts here in the past years in this field of air pollution. Could you very briefly tell us some of the pioneering steps you have taken in this program?*

St. Louis Pollution Control

MR. TUCKER: I would very happy to. I didn't want to bore you with this. I would say from about 1896 up to the time of Mayor Dickmann, that was 1933, a variety of efforts had been made to control smoke problems in the City of St. Louis. They had all been based upon the fact that you could educate the homeowner to fire the fuel in a smokeless manner — and you know as well as I do, that the father and mother never fired the furnaces.

As soon as Johnny gets old enough, he is sent to the basement and told to fire the furnace. It is a very distasteful job to him; so he throws everything but the shovel into the furnace and gets out of there as soon as he can and doesn't come back until the afternoon.

That is how I got into politics, I was teaching out at Washington University and the Mayor called up and asked for somebody to sit on the committee considering the smoke problem, and they sent me down to represent the university. I was made chairman of the committee. We wrote a report and the Mayor liked it. He said, "Come down as my secretary so that you can put this thing into effect." I did.

There is one thing you must remember — that you can get too far ahead of the crowd with leadership. If you do, you are lost. We tried

¹"A Strategy for a Livable Environment: Report to the Secretary of Health, Education, and Welfare," by the Task Force on Environmental Health and Related Problems, June 1967 (Washington, D.C.: Government Printing Office).

time and time again to do something, but we were not successful until we had four days where the atmospheric condition was such you couldn't see across Twelfth Street. And then the public demanded that something be done; and as soon as they demanded that something be done, the program was proposed. We organized a group of leading businessmen. They proposed this program. I was consultant to the committee. The Board of Aldermen adopted it. It is a very simple thing.

MR. VANDERGRIFF: *Can you tell us the specifics?*

MR. TUCKER: Yes; we took it in two steps. First of all, we knew that we had to establish a right to control the fuel. Illinois was shipping in, from the Belleville district, coal with an ash content of 15 to 20 percent; sulfur content, 6 to 7 percent. The high sulfur content was due to the fact they had gone to machine loading. It was no longer hand-picked, so they were throwing everything into St. Louis to burn; coal was selling at about three dollars a ton at that time.

So we said this: That any fuel from Illinois with the ash content in excess of 12 percent and sulfur content in excess of 2 percent had to be washed until the ash content did not exceed 12 percent. This was the face sample analysis of the coal that we had.

This was taken to court, it was adjudicated and it was sustained. In the meantime, we didn't do a thing to the homeowner. This only applied to the commercial and industrial people. We did require that for every piece of new equipment that was purchased you had to obtain an installation permit from the Smoke Department. In other words, each installation was inspected and supervised.

In addition to that, we licensed the fuel dealers. We put out a list of acceptable mines from Illinois, mines which were conforming to our requirements. After we worked on that for awhile we had the commercial and industrial plants pretty well under control. Then we had another smoke pall which they called Black Tuesday. That's when we went in and added the other requirements; that is, if anybody wished to handfire coal, they must use a fuel which had a volatile content less than 23 percent or use mechanical fuel-burning equipment. This meant they either had to buy a stoker, an oil burner, or a gas burner for a domestic furnace or use West Virginia coal or its equivalent.

At the same time that we did that, we passed a companion ordinance, because we felt that the fuel dealers might not receive this in very good grace. We passed a companion ordinance appropriating \$300,000 authorizing the City of St. Louis to go into the fuel business if there was not provided to the citizens a free and easy supply of legal coal at a price commensurate with its value. The dealers made the statement that we wouldn't have nerve enough to enforce the ordinance.

To offset this, the statement was made that anyone who put illegal fuel in their bins after the first of April would be required to take it out. Then the dealers dragged their feet about bringing in Eastern coal. We called them into a meeting and told them that we didn't

want to go into the coal business because we knew if we ever got in, we would never get out. So, it would be to their advantage to bring the coal in; otherwise, we were going in, and we set a date when we were going to start. And then they brought the coal in.

MR. VANDERGRIFF: *Thank you so much. You, of course, have the practical political experience but, unlike most public officials, you have an expertise in this subject and I would be particularly interested in your reaction to this question. I am wondering, do you feel that, as some have said, air pollution is a problem that will finally bring a region together? Do you feel that there is today in the St. Louis region or in the Nation as a whole — I know you are somewhat familiar with this subject everywhere — there really is a region pulling together, a spirit growing in this respect? Or are you despairing of this? Is this why you say the Federal Government must impose these standards upon regions?*

Reason for Federal Standards

MR. TUCKER: First of all, let me answer the last part of your question. The reason I say the Federal Government should establish criteria is because they have the money and the talent and the means to do this job. What I envision is this: The government setting up the goals they would like to have for the atmosphere, and the standards that are necessary in order to eventually attain those goals. Then each community, according to its immediate needs, could choose right now the standard that is necessary.

I believe there is a growing knowledge among the people that there isn't one form of government locally existing at the present time that is able or capable of handling the problems today, or what is going to occur if the population of the earth continues to increase. I believe that there has to be a restructure of all local governments. I have been talking for years in this particular area on creating a regional council as a preliminary step towards the attainment of this goal. I feel that if we bring people together and we have a forum in which we can discuss their problems, that their antagonisms and prejudices will gradually disappear, and a mutual trust will be born.

I have seen it happen before and it has to occur. It cannot be avoided. I think the sheer economics of the situation is going to force some form of regional government. It has to be done on a regional basis. The East-West Gateway Committee, I thought, was a fine initial step. Representatives from St. Charles, St. Louis County, and the City of St. Louis, Madison County, St. Clair County — all are sitting on that Committee and working, I would say, rather harmoniously. It can be done and it will be done and it must be done.

MR. VANDERGRIFF: *Thank you, sir.*

MR. LYONS: Senator Douglas.

MR. DOUGLAS: *You have given a marvelous service to that field. I was not quite certain what you said the maximum sulfur content was for industrial use, home use, and so forth.*

MR. TUCKER: In the program at that time, Senator, sulfur was not a question, and I think it illustrates something which I think you are going to find to be characteristic of air pollution. As soon as the smoke was cleared up, we proceeded to get complaints about fly ash. As soon as the fly ash was controlled, we got complaints about fumes. I think as each one of the elements became predominant in the atmosphere and you work on that and you eliminate it, then another one takes its position.

MR. DOUGLAS: *How do you feel about the question of smoke, then?*

MR. TUCKER: The smoke? We prevented it from being formed.

MR. DOUGLAS: *How?*

MR. TUCKER: First of all, by making them use equipment which could burn the fuel from Illinois smokelessly; and in the handfired furnaces, we eliminated smoke by making them burn a fuel of 23 percent volatile or less, instead of 41 or 42, percent.

MR. DOUGLAS: *That is the minimum requirement?*

MR. TUCKER: The ash content came down to 5 or 6 percent and the sulfur came down to less than 1 percent.

MR. DOUGLAS: *Some years ago I went through the Ruhr in Germany. I was there during the period of the golden industrial activity and I was struck with the fact they didn't have much smoke. There were a lot of factories in the towns and I wondered if they had been able to utilize the byproducts of coal in their steel industry. The chemical industry of Germany developed out of the steel and coal industry, as I understand it, utilizing the coal byproducts. Is this possible in this country? I don't think we have developed that very much.*

MR. TUCKER: From the tars?

MR. DOUGLAS: *Yes.*

MR. TUCKER: Oh yes. In fact, I would say 'way back in the First World War, Monsanto Chemical used to take all the tar from the Laclede Gas-Light Company's coke plant. I think aspirin initially comes from a coal tar product.

MR. DOUGLAS: *Is this being carried on now?*

MR. TUCKER: Yes. Take some of your steel companies in your own state, Illinois. They are manufacturing coke out of the coal, and they are using the gases from that for heating their ovens.

MR. DOUGLAS: *Is this an expensive process or does it pay for itself in the value of the byproduct?*

MR. TUCKER: I think it depends on which ones you are considering. I think an economic analysis has to be made.

MR. DOUGLAS: *I think in New York, where Consolidated Edison has many plants, as you know, most of the smoke which is created and polluting the atmosphere comes from their plants. Not to go into too much detail, would this be practicable for them to develop coal tar products?*

MR. TUCKER: They don't use coal as a rule. They are using oil.

MR. DOUGLAS: *Is it oil?*

MR. TUCKER: Crude oil, I think. Comes from Venezuela — high sulfur content.

Smoke Pollution and Vested Interests

MR. DOUGLAS: *You went through this battle in the Thirties or Forties, when the new ordinance went into effect. Mayor Dickmann was defeated very badly for reelection, as I remember, and he, at least, thought he was defeated because of this ordinance, and he complained very bitterly that he did not get support from the business interests. I think that Dave Lawrence, of Pittsburgh, copied the St. Louis ordinance and the Mellons swore on a Bible that they would stand behind him, and Jones-Laughlin was one of the chief offenders.*

MR. TUCKER: Every elected official is subject to certain occupational hazards. And another thing, I don't believe that a defeated candidate is a proper source of the reasons why he was defeated. I believe this, too, that as history and time goes on, Mayor Dickmann's administration will be remembered for smoke-elimination above all other things.

During the enforcement of that smoke ordinance, I would report certain trade practices and the government comes in and investigates me instead of the company. I was accused of getting 10 cents on every ton of coal getting in here. I was accused of getting \$10 on every stoker that was sold. They circulated brochures around my house. My kids were subjected to all sorts of insults because their father was in this particular program. So, I did a little suffering, too, a little bleeding, because it is pretty tough to take. But I think it is something that has to be done. Had smoke not been eliminated, it would have been impossible to enlist the support of the business interests to get behind all these developments which you are seeing come into reality now.

MR. DOUGLAS: *Although they would support you.*

MR. TUCKER: As I said, they supported me, let's put it that way. They supported me 100 percent, and you know yourself, that no man in public office accomplishes very much, alone. He needs a lot of help.

MR. DOUGLAS: *It is a very revealing discussion.*

MR. LYONS: *Let me ask one or two brief questions, Mayor Tucker. Your comment on research by the Federal Government: to your knowledge, has any research been commenced by the Federal Government to establish what is the true way to deal with air pollution?*

MR. TUCKER: I think HEW is doing some of it now. They have had a laboratory in Cincinnati for some years, and I think they opened another one down South. And they are the agency which has been instructed by Federal law, to get into this. I don't believe as yet, unless I am wrong, that the criteria have been definitely established.

MR. LYONS: *You think from the best of everything that filters back to you at your level here in St. Louis, the research efforts are probably not adequate to meet the problem?*

MR. TUCKER: Whatever they are, now, they should be speeded up. Let's put it that way.

MR. LYONS: *You think it is more of a budgetary responsibility?*

MR. TUCKER: I think that is true.

MR. LYONS: *On the subject of standards: As communities establish standards, there is always a lot of play and counterplay to the effect that people shouldn't be forced to buy expensive equipment today because technology isn't adequate. And then if you are going to raise the standards, they will have to throw away all the equipment and buy new equipment for different standards later on.*

MR. TUCKER: Personally, I don't think that that is an entirely sound objection, because throughout the whole industrial plant, they are buying new equipment where technology has not reached the end of its development. So, I think the reverse is true. As I see it, you should not demand results which cannot be produced by the present technology. Whatever technology can produce, there is justification for requiring to meet that standard. But to say that you have to do better than anyone knows how to do at the present time — that is when they lose me.

MR. LYONS: *I will agree with you there. In your judgment, that type of argument was merely used to impede the acceptance of standards?*

MR. TUCKER: You would not have the automobile today if people refused to buy it. You wouldn't have these lovely homes Mrs. Smith has been responsible for right west of us (Laclede Village) had she assumed the idea that there is no need of doing anything further until new materials have been developed.

MR. LYONS: *I concur with your judgment. I was just wondering whether these arguments have been effective in preventing communities from adopting standards because of that so-called technological lag?*

MR. TUCKER: I think this: Industry is entitled to have standards adopted so they know what they have to meet. I think it is unfair to industry to permit them to do something and then a week later say, well, you should have bought this instead. You should tell them what they have to meet.

MR. LYONS: *Give them a life expectancy?*

MR. TUCKER: That's right.

MR. LYONS: Thank you very much for your experience and your knowledge of this subject. It has certainly been valuable to us.

The next presentation will be made by Mr. John Holabird, Jr., an architect of the firm of Holabird and Root, of Chicago. He has distinguished himself in carrying on his family tradition of fine, outstanding architectural design and civic activity, and he is quite active in the Mayor's Committee in Jackson Park and the Lincoln Park Conservation Association of Chicago, as well as his own professional responsibilities in his architectural firm, so the Commission is interested in his views in this area of discussion.

MR. HOLABIRD: Mr. Lyons and members of the Commission, it is a very hard act to follow two mayors, and I am not sure I am going to speak with all the maturity of things done and things about to do.

I think I am here, supposedly, as a kind of devil's advocate, and having been in neighborhood conservation groups, have often goaded public officials. Maybe I can suggest some of the things I see as a builder and city dweller, because I have lived in Chicago all my life — in the middle of Chicago. I brought up four daughters on an old street, in an old house. There is a highrise building on one side that takes our sun, and a questionable hotel down at the end of the street, and bookie joints and shopping and liquor stores. I think my daughters are lucky to have grown up in such a sophisticated atmosphere and, as hearty young women now, I hope they are going to live in the cities. We frown on suburbs where I come from.

I think anything your Commission can do is wonderful. Mayor Cervantes mentioned "battle" two or three times, and I am afraid I am going to use this metaphor. It is a battleground, and I don't think anybody is taking it very seriously. For so long, in everything we have done, we have used up our cities like automobiles — turned them in and thrown them away, and we can't do it any more. I tried to think, for this Commission, "What is wrong in the city?" I like cities. I am happy living in cities, but they are getting worse, partly because of population and partly because of schools and many other things. I am sure you will take up all these problems along with your other hearings, but I am here for other reasons.

It seems that I have four or five things to say: (1) the democratic process and the time lag; (2) the building codes and research — which you are going to go into more this afternoon; (3) zoning ordinances and the lack of authority; (4) full, creative planning. I am not sure I can hit them all. I know you want to have time for some of the people here to talk.

Time and the Democratic Process

The time lag — the democratic process and the time lag — I don't know how you can adjust the two. You set up programs, you designate areas. You become dependent upon Federal planning, the planning allocation — a lot of paper work is involved in getting the plan to this level. By this time, maybe there is a change in administration, or a change in appropriation, new people come in locally, maybe different mayors or new planning personnel. You have civilian reviews, you have open hearings, everybody wants to be on a different block, and everyone wants a change in planning. Maybe there is six years' wait until the appropriation is finally approved, and maybe after seven years, you contract to clear it, and in eight years the site is ready, and by this time, people are competing for sites and private interests are

involved. Then they get an architect in 10 or 12 years, and by this time, the whole criteria for which you set up the plans may be completely changed.

It was changed in the Lincoln Park area, for we now have a great new private development. I don't know if it is *great*, but it is a *huge* development, a kind of Gaslight Square as in St. Louis — old Victorian buildings, phony gas lanterns, a kind of San Francisco-type amusement street — all moved in on this area, and into a mixed neighborhood with many kinds of people.

Now, there are only very rich people living in the area, and the old houses are priced out of sight for a mixed neighborhood, and by mixed, I mean economically and racially.

I don't know what you can do about it. The government has to be flexible. A private client wouldn't stand for the delay. He wants something built in two or three years so he can get producing.

It seems to me that if we were fighting a battle, and we needed a million men to fight and improve housing, we'd do it. We wouldn't waste any time. We would go about it and do the job. This is point one.

I was going to say we could all go to Europe to see the cities that were organized with some reason, with a plan. We have so little planning and most of it handled by private interests. We hope these projects are going to do well, but we don't know that they are, and we have very few standards. One of the reasons that planning is very inflexible is the governments, themselves. States and the local governments set up so many paperwork offices. These are staffed with good men and very competent, but there are so many reviewing bodies that plans go back and forth interminably.

Speaking of architectural service, a person relies on our professional judgment. If we are hired by a government client, we go back and forth, from one level to the next. And there are reviews and reviews, and you become messenger boys, and then there is more paper work. I think it degrades the professional service. Either you ought to get very fine architects in government and do it yourselves or you have to be somewhat flexible and take some professional advice as you would take military advice, presumably, or legal advice. I wish I knew how to speed up the process.

Research Missing on Building Codes

I am not going to talk very much about building codes because, as I say, you are going to talk about that later. My big concern with this is that we don't have the research. Mayor Tucker was just mentioning this; I think either the government or some private interest is going to have to really find out about building the way one finds out about missiles and military spending and health and medicine and aids to science.

It seems to me that it is fantastic that we don't know what is an acceptable level for coal tar in the atmosphere. I don't think, really, that Mayor Tucker had to say there shouldn't be smoke. I think it is up to the Public Health Department to say there is to be no more polluting of the atmosphere, and then it is up to everybody to comply, just as you put brakes on your automobile, and filter the water you drink for protection. I think research should be going on. I don't think private industry can do all this. I think we have to find what kind of new fuels to use. Maybe we don't have to run electric conduit all through the whole building connected to electric power which is eventually connected with Commonwealth Edison. Maybe we should have an electronic system. Nobody knows. Nobody is trying.

It seems foolish when we have so little water left to be so wasteful. First, we have to filter it before we drink it and then flush it down somebody's river, taking some pollutants out. Maybe we shouldn't use water except for drinking and bathing. We are such a smart Nation, you think somebody would be figuring this out and not spending money on the elaborate piping which we put in pipe-by-pipe and vent-by-vent, which we are required to do. It raises costs, and if you have seen buildings before we cover them all up with plaster, you know what I am talking about. It is fantastic.

You are going to talk to people who know more about zoning. We have a pretty good ordinance in Chicago to protect the status quo — not really planned. The only place where real zoning takes place is when the city or Federal Government buys land, and they can then rezone it. Sometimes it has to be done, it seems, by the city rather than allowing the private speculator to come in and build whatever he thinks.

Right now, we are in the process of building a huge wall along the lake front in Chicago. It is very nice for the people that live there but very sad for 99 percent of the city which is not along the lake front. Because there were already some high buildings there, the whole thing was zoned a highrise area. I don't know what you do about that.

How to Get Creative Planning

I was going to talk about creative planning. I don't know how you really achieve good architectural professional services. I don't even know how you produce people that can plan. Along with a lagging research program about building, there are few professors of urban studies, and previous few schools where you can learn how you run a city in the 20th century.

We send 6,000 men at taxpayers' expense through Military, Naval and Air Force Academies (all of us found out during the war we can learn to fight in three months); but we expect people to run cities with precious little background. I am very much impressed with the Army technical schools. It seems to me if we are really on the ball in this country, people like myself and other middle-aged people in the

profession should be going back to technical schools. Manufacturers do this when they have a new product and they want their personnel to learn about it.

I think we ought to go back to school and find out something about the new techniques of cities. But there is nothing like that available and no place where they teach it. It would be great if the mayors or building departments of a city were able to go back for a year or six months, or a summer seminar or something like that, and really find out what the possibilities were. We don't do that. There isn't a school in the first place. Architects, we think, know more about cities than anybody else, but the planners have the job, and in many cases they have very thoughtful and wonderful people.

It is a very complicated thing, and you all know so much better than I the number of things that get involved.

I think there ought to be an academy or graduate school set up for training the best kind of administrator we know, that would take all these problems into consideration.

It is very difficult to have a creative administrator in Washington and then not to have right down the line people that are creative. It is very hard to do, I suppose, and still run a tight ship and have the civil servant and the control of the jobs. For example, we find it difficult, if we have a good idea, to get anybody to listen. At my level, I talk with the local administrator and if he doesn't choose to approve my design, even if Washington says, "Let's do great new projects," I don't get beyond this level. This happened on a Chicago housing project for the elderly. (I am sure it has happened to St. Louis architects here.) We were designing in a neighborhood that I thought would remain low level and our building should go with the community. We ended up building a "project," because the local housing people felt that this type was the only thing that would be acceptable to Washington. But we never got above them to find out, and couldn't unless one becomes devious and breaks the chain of command — which I don't think is good practice.

At any rate, I think there is a real battlefield here, and I would certainly like to be part of this war when it gets going. The only thing I can say as a helpful thing is that if you are going to do good and improve cities with the government, the operation has to be a good bit more flexible so you can do so. If this means this is less democratic, it has to be. I think that there ought to be some kind of government notions about both the research and the building materials and putting things together and prefabrication, as well as some kind of institution or government help to private institutions, and how you learn what makes the wheels go around in a great big city, so we don't have to spend 20 years to find out how to do it in the wrong way and then redo it.

I guess that is about all I have to contribute.

MR. LYONS: Thank you very much, Mr. Holabird. These are very thoughtful observations. I would like to call on the Commission to see if they have any questions.

QUESTIONS BY COMMISSION MEMBERS

MR. O'NEILL: *Mr. Holabird, for the record, I would like to point out that generations of research and billions of dollars in research by private manufacturers have evolved elevators, compressors, appliances, transformers, and so forth, so there is a very high level of research and developing done by manufacturers. It is far greater research than ever went into NASA. The government has things like the Bureau of Standards and the Forest Products Laboratory, and we have tried to apply everything that NASA learned in space to building construction — nose cones and the materials that keep them from melting, the cooling system inside the space capsules, the waste disposal system. They are not applicable because they cost an astronomical figure, three hundred times what comparable systems cost.*

Now, I am curious as to what other source of research you would suggest and who would you suggest do this? And the reason I am curious is because HUD has to get a political commitment before they can get the sort of money that the Department of Agriculture gets and the Defense Department gets to do all the research, and we don't yet have that political commitment to do anything about building. HUD asked for only \$20 million and they get \$15 or \$10 million. That is peanuts. Whenever McNamara wants \$9 billion to go to the moon or spend \$2 billion developing a supersonic transport that can't land any place in the United States, he gets it. Who would you have do the research and how do you get the political commitment to get the money? Could you be a little bit more specific about what areas you are talking about?

MR. HOLABIRD: *Well, I understand about the products, and there is constant change and better things. Whether they are all checked out in some national organization, I am not sure. I am not sure about political commitments, either. I just don't know. If I wanted to know the whole business of sewage disposal — if there should be a home sewage system, if there should be a home with a whole new concept of the bathroom, I don't think the Crane Plumbing Company is necessarily going to be the leader in scrapping the existing bathroom. These are things somebody else should decide. If water is in short demand, maybe we ought to find a system that doesn't use water.*

MR. O'NEILL: *We do know what is cheapest in sewage treatment.*

MR. HOLABIRD: *"Cheapest" isn't the criterion any longer. When we were discussing roads going through Jackson Park in Chicago, we were told that the cheapest way was to go straight through the park. But we said nobody had put a dollar amount on what that park was really worth, and the park was worth 10 times the amount of any other thing. In military spending, we don't get the cheapest, and we like to think the airplane you ride on was not the low bid.*

MR. O'NEILL: *I am not for the cheapest in building at all. But we know what the best sewage collection system and treatment is. And you can re-use the water, you can even drink it, but getting it done is*

a matter of political commitment. You have to do it on a metropolitan-wide basis, and you have to get the constituency to say, yes, this is the sort of thing we want. I wonder why you don't make each person supply clean water. You know, maybe it should be broken down to houses. We have so many things we didn't used to have — washers in the home or dryers or any of these other things. Maybe we don't use water, I say, in this way. Maybe somebody else does. I don't know.

MR. HOLABIRD: I don't know anything about it, but it seems somebody ought to be thinking, because we are such smart people, we ought to do something. In the meanwhile, we aren't building for low income in the cities. We have slums. Maybe one has a prettier brick or has a couple of ideas that they manage to slide by the authorities. But we can't build buildings. We can't do it very well for a private speculator and still get the kind of return he wants unless the rents are so high people in the cities cannot live in them; or else they are shoddily built. Maybe there are better ways, you know — prefabricating whole wall sections. This has been tried. "Habitat"¹ — everyone is committed to Habitat. It looks like it would be kind of fun to live there, though at present it is a very expensive system; maybe from that, a better package of houses will come. It is awfully hard to put that all onto the concrete manufacturer or the cement association to come up with such a thing, or the structural steel people to do this, and they will probably use their own product, too. They have all tried it. I think some of these things should be done with the government because so much government money goes to building, for that matter.

MR. O'NEILL: *I just want to point out one thing and then I will drop the subject. For generations, universities in this country and in Europe have been studying sewage collection and treatment, and we do have systems that can be put in each house and you are using the same effluent again and again. It doesn't work out economically, but research is being done all the time in departments of civil engineering and biochemistry.*

Political Commitment Missing for Building Research

MRS. SMITH: *Well, I could ask lots of questions. I would rather like to sit down and talk. I would like to bring up two points. First, in relation to cities, and the whole political commitment to research, and so on: Somehow, there is no respect for design of any kind in relation to cities, basically. There hasn't been any money to really do the advanced thinking, and it seems to me political effort must start in the city. How can a city gain respect for architecture? And I don't*

¹ Twelve-story prefabricated dwelling built as a demonstration at Montreal's Expo '67 from design by and under direction of Mosche Safdie, Israel-born architect. The technological objective of this housing system was to test mass production of repetitive elements, avoiding monotony. Sociologically, the cluster housing was expected to provide a *sense* of community without sacrificing space and privacy within the individual dwelling.

believe there is such a word as planner; when it comes to three dimensions, whatever you want to call it, it is architecture.

My second question has to do with such an increasing number of architectural review boards. I hope that those guys sitting around the table can create architecture two days a month. I am asking: What is the effect of architectural review boards such as the Fine Arts Commission in Washington, and so on?

MR. HOLABIRD: I know very little about the Fine Arts Commission.

MRS. SMITH: *Do you have such a commission in Chicago?*

MR. HOLABIRD: No. I have served on a couple, I think, and they have been somewhat effective on urban renewal projects in Chicago. The entrepreneur submits a bid with some architectural drawings — a package. But the city, if it feels that architecturally they do not want to commit themselves, brings in 30 or 40 people on each project — people that presumably have some notion about it — and groups of two or three talk only about the architectural plans, nothing about the land. And all we have done is said that, all things being equal, we think that these are good features about this plan and these are poor features. Also, the projects that were most acceptable to the city have gone ahead. I don't know about the others. I worked with the State of Illinois. They have architectural offices and various review boards and trustees and a lot of laymen get in on the scene and know nothing about what is going on. If it looks pretty or has a novelty, this is what they are concerned with. Prettiness is necessary, but I don't think every building has to have a gimmick outside.

MRS. SMITH: *How do you get political commitment and interest in the city into Federal programs? There is no budget in the city for creative ideas, for thinking in advance. Everything is under-financed there, so how can you go up from there?*

MR. HOLABIRD: I think the city in Federal projects — at least in the Chicago area — has been far superior than most private ones. Maybe they use better architects.

MRS. SMITH: *When you were talking about an area that took 10 or 12 years to develop — if the city had started 10 years before that period, thinking and discussing, thinking ahead, maybe it would be ready.*

MR. HOLABIRD: I think it is a good sign that many of the major newspapers now have what amounts to a critic of building, you know — the *New York Times* and the Chicago papers; I probably should know about the St. Louis papers, but I don't. Hopefully, you have somebody who is commenting on the good and bad things that are going on. People ought to know that we live with these buildings or projects for the rest of our lives and you have to have some responsibility for your city and your neighborhood. I don't think architects should be allowed to put anything they want on the outside, either — just any kind of sign or lettering or any kind of street hardware, whatever it happens to be.

MRS. SMITH: *All of this takes money and real commitment on the part of the city to get good design. You have to help. You have to help get the mayor elected and others who will support this.*

MR. HOLABIRD: This is where our money should be spent rather than on other things. I don't want to get into a fight because I have no real position on this. I am terribly worried about our cities, as most other people are; but it seems to me that we still train our army officers better than we train our public officials. Doctors are well trained, but builders of cities are not well trained, and I think they should be, because they affect so many people and they are going to affect more and more and more.

MRS. SMITH: *Thank you very much.*

MR. VANDERGRIF: *We are going to be talking about building codes this afternoon, and I won't trouble you for a long reaction on that, but I would be interested. Do you see the problems in the lack of consistency?*

MR. HOLABIRD: I think there ought to be national standards on this. Building is done all over, contractors work all over the place, and architects can travel anywhere, and engineers. It seems ridiculous that you have to pick up the code in Ann Arbor and look at another code at Washington, D.C., and what-not. I think, if these codes are standards for public health and safety, they ought to be for the public health and safety, and not just the health and safety of Chicago or Arlington, Texas, or whatever.

MR. VANDERGRIF: *There are some differences?*

MR. HOLABIRD: Yes.

MR. VANDERGRIF: *You think a national standard would form a basis on which we would operate efficiently?*

MR. HOLABIRD: Yes. We get a code saying the walls have to be so thick and then you must have a layer of plaster. It is awfully hard when you get a new material. We have to go back down the line through all the various codes and get them accepted again. It seems to me it would be much more useful if there was a central way of getting this information.

MR. VANDERGRIF: *Do you see much hope in the matter of mass producing and packaging materials?*

MR. HOLABIRD: You mean the prefabricated things?

MR. VANDERGRIF: *Yes, as a means of achieving greater economy.*

MR. HOLABIRD: We always had trailer homes and they have never been especially handsome or beautiful things in the way of living. But this is, essentially, I guess, what Habitat is, only it is put in a lot sideways rather than on the ground. I don't know. That is why I am saying maybe you don't have to have this maze of connections before you can plug in your kitchen or plug in your bathroom — so much of a network that you have to fit into. For example, the airplane toilet and the old Pullman toilet seem to work. Maybe we shouldn't be connected with the whole system and, therefore, have to have the elaborate vents. I don't know about these things. It seems to me that some-

body in this smart country should see that we can cut building costs by being bright and smart about this.

MR. VANDERGRIFF: *Thank you.*

MR. HOLABIRD: I don't know what a trailer costs — four or five thousand dollars?

MR. DOUGLAS: *I think in order to make some time for people that want the floor, as much as I should like to ask questions, I will waive my turn.*

MR. LYONS: I think I will pursue the same thinking. Thank you very much, Mr. Holabird, for giving us this opportunity to listen to your views.

Before we call upon some of those in attendance who want to make verbal statements, let me take this opportunity on behalf of the Commission to thank the superintendent of the Soldiers Memorial for making this very fine facility available to the Commission to hold this hearing in St. Louis and being so thoughtful and helpful in making everything run as smoothly as he has.

Mrs. Anne Voss, Supervisor of Housing Programs for the Human Development Corporation of Metropolitan St. Louis, is here. If you wish, after your presentation, you witnesses may supplement your talk by a written communication to the Commission.

PUBLIC WITNESSES

Mrs. Voss: Not Enough Housing for Poor

Mrs. Voss: I would like to state that my remarks are directed towards one premise. I believe the Federal Government should spend a far greater portion of its money to service housing for low-income persons. These are the people that are most in need and also the greatest victims of social problems in our urban corridors. And I don't feel that a sufficient percentage of Federal dollars are now going into direct service to low-income people in such an important area as housing.

In the Greater St. Louis Area, by conservative estimates, by census and other data, a half-million people are living in substandard housing — substandard buildings lacking adequate plumbing — with overcrowded schools, in poverty areas where the high school dropout rate is 29 percent. And it is obvious what this does to these kids' chances to get a job.

There is greater incidence of disease and death in low-income areas; this is where 40 percent of the fire alarms occur; almost 10 percent of the city's population this year was on some type of welfare program, old age assistance, general relief, ADC, or total permanent disability. Slightly over 1 percent of the County's population is receiving assistance. These are figures that I am sure you are familiar with, and they stress the overabundance of problems in areas of low-income housing.

There are many things we are doing in St. Louis to overcome these and you have heard some of them, and I would like to send you documents about the war on poverty — what it is doing to service families. We need rehabilitation of our existing housing supply. Especially, FHA policies must be geared to serve the low-income people in the inner city. Currently, with regard to existing structures, it is indicated most of the city will have to be replaced in 10 to 15 years. I live in a house, myself, on the West End, that contractors tell me would cost \$85,000 to replace anywhere in the area, and it was appraised by FHA standards first at \$8,900 and then at \$12,000. I think this is atrocious when you point this down to the low-income people — both tenants and homeowners in the inner city of St. Louis. The major portion of our low-income population rely on the private market for their residence; for example, in the city, where 1,700 homes will be demolished in the next two years for urban renewal, school construction, highways, 1,500 of these families affected will have to seek housing in the private market. They are often restricted by both race and economics. We need more liberal FHA financing in their standard programs, as well as their Section 312¹ government loans; and larger Section 115² rehabilitation grants to save a large portion of our city. Not only to save charming architecture, but to serve as decent housing for low incomes.

I would ask you to investigate funds going to low-income housing and what percentage goes into direct service to low-income families. I submit it is too small a percentage. The 221(d)(3)³ program never served low-income families. We need a larger share to insure vitality and growth of our community. We are divided by the government boundaries. Nondiscriminatory housing must be extended to all loans which are insured by any Federal agency, including those of federally insured banks and savings and loan associations. We need Federal assistance for our present inadequate public housing development projects to make them come up to any kind of minimum standards of housing.

The current rent subsidy program undertaken by the St. Louis Housing Authority is excellent and should be expanded and is practically the sole hope for low-income residents in this area. But there are only 600 units approved. We need more scattered public housing, as well as upgrading of our current projects.

It is stated there are 125,000 low-income families who are presently in substandard dwellings.

In the area of education, which, as you know, greatly affects the growth of the city, I believe it is essential for Federal controls, if you will, to combine city and county school districts and their tax support for education. In addition, there is a need for more develop-

¹ Three percent Federal loans for rehabilitation in urban renewal and concentrated code enforcement areas.

² FHA-administered grant of \$1,500 for rehabilitation of housing in urban renewal areas.

³ See footnote, page 10.

ment funds in housing, possibly through the Office of Economic Opportunity, to private groups, to rehabilitate housing in this area.

That is all I have at this moment. I will be glad to send you a longer statement.

MR. LYONS: Thank you very much. We appreciate your comments and your condensation of a lot of important facts within the five minutes' time.

Let me call next on Mr. Joseph Clark, Alderman of the City of St. Louis.

Ald. Clark: Subsidized Flight to Suburbs

MR. CLARK: Thank you very much. First of all, I would like to say that I certainly hope that a Commission dealing with urban problems would have more time to deal with what I consider the real problem of the urban communities; that is, the problem that is very rapidly turning our urban communities into all-Negro communities. Negroes, as they are today in America, being second-class citizens, place a tremendous burden on the future of the city and, likewise, I feel, on the future of our country.

I feel that our cities, if they are to be saved, must become integrated. Most white people view urban problems as Negro problems, and until the white Americans feel that the problems touching the cities touch them in a realistic fashion, the problems will be with us for a very long time. As far as the problems of air pollution, white Americans can move out of the cities where the smoke hovers, to the county — and I have heard them say that there is very little smoke out here — and as long as the Federal Government assists this kind of movement by spending billions of dollars on freeways, subways, highways, and all other kinds of ways to get people from the downtown area to the suburban areas, this condition will continue to accelerate.

I think our business communities also have a real responsibility in this area. They are primarily concerned, and many of our city administrations are concerned, with the development of the downtown areas. And then they are likewise, concerned with getting people that work in the downtown area home to the county. This makes the city and the community where most of the problems lie develop into nothing more than a canyon.

Many of the white Americans have made decisions in their living rooms and in their kitchens that they do not want to live with Negroes. I think many of these decisions are made on the false image of the American Negro, and I certainly hope that this Commission has the courage and the forthrightness to help present to America the correct image of the American Negro. I hope you will do something about the mentality that embraces a white person as he comes to our shores from some country that, maybe a few months ago, was killing and maiming our boys, with all the rights and privileges of

anyone else in this country, while at the same time, denying the same rights to the fellow-citizens whose skin may be black. These, I say to you as Commission members, are the real core problems of the urban cities. Your cities are becoming all black, and your black people are becoming more and more disadvantaged, and unless you do something about the fact, No. 1, that your cities are becoming all black; and, No. 2, the black citizens are becoming disadvantaged, you and other commissions are spinning your wheels.

Thank you.

MR. LYONS: Thank you very much, Alderman Clark, for your very thoughtful observations. Our Commission has devoted a lot of attention to that particular problem.

Let me call on the last witness for this morning, Mr. Noah Alper, President of the Public Revenue Education Council.

Mr. Alper: Revise Property Tax Structure

MR. ALPER: Senator Douglas, Chairman Lyons, and gentlemen: Mark Twain once said, when a man asked him about the spots on his vest, "What do you mean — the clean spots?" You are going to see a number of clean spots in our city. But I know you are trained to watch for the other spots as well.

Taxation, low-cost housing, good neighborhoods for all Americans, and cities that remain a great stabilizing force are part of your goal. More than anything else, I believe, the principles of economic science and social philosophy are essential to conditioning our country and our states and our communities for achieving all these goals.

Now, so we don't prevent the recurrence of these problems by treating the symptoms — and that is where I think the subject of economics comes into play — you have to do it with land and labor. When land value is created, you have the only basis of economic science you can have, and the only basis of taxation, because what that tells you is, look, folks, you can only tax that which nature has given you or that which man must create. There is a direct relationship between labor and capital. A demand for labor is a demand for capital, and a demand for capital is a demand for labor. Therefore, we can say about this question of taxation, which I think is tremendously important in every goal — I have heard it spoken of here this morning — that you can only collect for the community's use the rent of the earth or the rewards of human effort expressed as wages and interest.

Why all the taxes when you can draw but from two sources? This knowledge enables you to know how to make an easier or harder task for people to secure the things you are really talking about here today — good clothing and shelter and some of the needs of life. What do we do? We have shifted the burden of taxation historically in our country to a point where the great bulk of Federal, state and local government is eating up the earned wages of the people of the

country and the industry of the country; and more and more you are lifting the tax from a thing called the rent of the earth.

What is the answer? The answer will be to find some way in which you can simplify the tax structure, so the human brain can comprehend it and so the people will know that the choice of taxation is either on the value of the land or on labor. We can take care of the details after that. With this knowledge, by putting the tax burden on the land, you make land lower priced and cheap. You take the tax off the products and human services, and you make those low-priced.

I say, to assure your objectives, make the land costs less, and products and services cost less.

We favor land ownership. Anybody that has looked into the tax question knows our country has favored it greatly — giving subsidies and encouragement to do things that make the land valuable, but the owners don't want to pay what it is worth. We can't bail out the situation with our tax structure as it is. The basic troubles arise at the local and state levels, because they are the ones that deal with the property tax.

Now, property tax is two things, as far as real estate is concerned. It is a tax on the land and a tax on the improvements. There never was a greater mistake made than the State of Missouri having in its Constitution that you must treat these two different factors as if they were one and the same thing. It is more of a local problem, more of a state problem, but the states are running away from the property tax to do the very thing the Federal Government is doing — taxing the earnings and the efforts of labor and capital — and this has put us in a bind. We are never going to get out unless we reverse this tendency.

We have as a source of tax revenue the unappropriated rents of land by the billions of dollars. Look at the price of land: \$3.75 million a year for the use of the surface of the earth under Radio City. The owner's children can collect it and the grandchildren can do it and never put in one single bit of capital or labor-producing services.

That is a message that is being ignored but is being seen more and more by the articles in *House and Home* magazine, *Life*, *Fortune* and many others. It is becoming recognized.

I appreciate the few minutes to offer these ideas. I hope later I can send additional material.¹ Thank you very much.

MR. LYONS: You may take advantage of that opportunity. I appreciate your coming. Next will be Mr. Ivory Perry. He is a housing specialist with the Union-Sarah Gateway Center.

Mr. Perry: Large-Family Housing Gap

MR. PERRY: I would like to discuss the problem of low income for housing. We don't have any type of program for large-family housing.

¹ Material on tax reform received by Commission.

Under the rent-subsidy program, we only had 34 units leased out to low-income families and they only had three-bedroom units. Last week, I had nine families evicted; most of them had eight to twelve kids. We do not have any type of program that fits these families.

Yesterday, I had a man and his father and nine brothers and sisters sitting on the street; they didn't have enough to pay the rent. This family was making less than \$3,100 a year and cannot participate in the subsidy program in the City of St. Louis.

I would like for the Commission to take into consideration to try to create public housing for the very, very low income. I am talking about people making less than \$3,100 a year. The district I work in has some 52,000 people and 90 percent of those people make less than \$3,100 a year and they are not covered by the rent subsidy program in the City of St. Louis. Until today, there were no type of units that would house a family of six or more in public housing. They only have two-, three-bedroom units and the type of people I work with have larger families than that. I would also like for the Commission to take into consideration more money for the poverty program, because the people that really need help do not benefit.

I would like for the Commission to take into consideration and talk to the people from the ghettos. It would be wise for the Commission to consider more money for housing and getting employment, to spend more money for that than building the cities up, or you will have a Milwaukee or Watts.

MR. SHUMAN: *Mr. Smart here, who is on our staff, is conducting a study of housing for large poor families. St. Louis is one of the cities covered in that study.*

MR. PERRY: This urban renewal is Negro removal. They are knocking down the houses and they have no place to relocate the families. These people cannot take too much more. I say 80 percent of the people didn't have their homes paid for and didn't get enough money to buy another one. Most of them are forty, fifty years old; it is too late to start over in buying another home.

MR. SHUMAN: *Your point is that we ought to be looking into this question of housing for a larger family?*

MR. PERRY: You can do what you want to.

MR. SHUMAN: *I agree with you on that. Housing for the large poor family, which you suggested looking into, is important and we will have a study available on that subject very shortly.*

MR. LYONS: We will hear one more witness from the audience, and then at the conclusion of the afternoon session, we will take the remainder who wish to speak.

Mr. James Sporleder, is he still in the room? No, he is gone, apparently.

Earline Yeargin.

Miss Yeargin: "The Places We Are in Now"

MISS YEARGIN: Mr. Perry has said just about what I was going to say. What he didn't say is, we rent these houses from the landlords, we have to take them for \$60, \$70 a month, and we have six, seven children in two or three rooms and if you get sick or your check gets cut off or you get laid off on your job or you can't pay the rent, they set you out. When they do this, they bang on your doors, call you on the phone, make you upset and put you in the hospital with a nervous breakdown. What is going to be done about this, while you are trying to get things built up, what are you going to do now about the places we are in now?

You talk to the businessmen, the mayors and all them. They don't live here. They don't get harassed by the landlords. They don't have a house full of children in two or three rooms that don't eat maybe but one meal a day, and no clothes. What are you going to do about the ones that need help right now and not tomorrow?

I am the one that lives in there. I know what is going on. These are the people you should be trying to talk to — not the rich folks that live out in Ladue. You need to come down in the slums and come in our houses and knock on our doors and look at how we live. We live as dogs. We are not quite as educated as you are, maybe we don't have the same schooling. We are human, we bleed, our hearts beat, we are born, we live and die, and in the slums, we never know anything better. Nobody thinks enough of us to come down and look into our situation and ask what we need, and what is your problem? That is all I have to say. That is our problem.

MR. LYONS: Thank you. We will recess the hearing at this time and reconvene here in this room at 2 o'clock.

(Adjournment.)

*Soldiers Memorial
St. Louis, Missouri
Afternoon, October 11, 1967*

The effect of building codes on housing costs, and on the acceptability of new building materials to encourage orderly development standards, and code administration in general were subjects of discussion at this afternoon session in St. Louis. Determining restraints on housing production for the lower-income groups received major emphasis.

BUILDING CODES AND EFFECT ON HOUSING SUPPLY

MR. LYONS: We will now continue with the hearing. We have three gentlemen from the St. Louis area who are active in the con-

struction industry and who will testify and submit their views with respect to the general topic of building codes in relation to the construction industry. Mr. Grueninger, Mr. Fischer and Mr. Mayer. We will hold the questioning until they all have made their presentations, and then we will let the members of the Commission ask further questions of any one of the three.

We will proceed with Mr. Raymond X. Grueninger.¹

STATEMENT BY RAYMOND X. GRUENINGER

MR. GRUENINGER: Chairman Douglas, members of the National Commission on Urban Problems, and guests. It is an honor to be selected by your Commission to present information regarding building codes, the Joint Committee on Building Code activities, code processes, St. Louis County Building Code administration, and other matters which you have requested by letter. I regret that time has prevented the sending of advance copies of this presentation, and trust that it has not inconvenienced you.

We in this great metropolitan complex feel that this area, including some cities in nearby Illinois, has made exceptional progress toward uniformity of code regulations. The St. Louis Metropolitan Area, which serves a population of nearly 2.5 million citizens operates on a very high percentage (about 80 percent) with the BOCA [Building Officials Conference of America] Basic and Abridged Building Codes. Nearby Jefferson County has just recently adopted the BOCA codes, and adjacent St. Charles County has the matter under consideration. We would like to say that the percentage is 100 percent and are constantly striving to reach this goal.

If, by chance, I have misinterpreted your inquiries, please get me on the right track by questions which I will hope to answer, and/or include in a supplement to this report. If it is satisfactory I will take the questions posed in your letter in order of their appearance.

Joint Committee on Building Codes: Progress Report

The JCBC, at its 46th and 47th meetings in Fresno, California, and Baltimore, Maryland, undertook a project of "Comparison of Exit Requirements" in the BOCA Code, Uniform Code, Southern Code, American Insurance Agency (National) Code, the National Building Code of Canada, and the Life Safety Code of NFPA [National Fire Protection Association]. Compilations were made indicating the differences and were sent care of Mr. Richard Stevens of NFPA to allow him to add anything omitted in the comparison which was covered by the NFPA Life Safety Code.

¹ Deputy Public Works Director, St. Louis County, Missouri, and Supervisor of Office of Building Regulations.

Due to a conflict in meeting dates with NFPA and others, attendance at this meeting was not complete. Study of detailed requirements of the Comparison of Exit Requirements in all codes was continued to the next meeting, to permit further correlation and evaluation of the information reviewed to provide more positive action at that time.

At the recent 48th meeting in Minneapolis, Minnesota, action was taken to restructure the committee and establish a new function and scope which would be of interest to all code bodies.

For various reasons complete attendance by members in the recent years has not always been achieved. For this reason, re-establishment of past allegiance was desirable, and re-assessment of the scope and purpose of the committee received much attention. This discussion resulted in the proposed enlargement of the committee on a broader base to include members of the design professions — architects and engineers — and other interested groups with the present membership to increase the effectiveness of the committee's deliberations and actions.

All organizations considered a part of the committee will be asked to give JCBC meetings top priority for attendance and participation, with the code groups promoting the committee decisions in their own code programs by providing the necessary leadership, and providing factual information to their members to accomplish the desired results.

Model Codes Standardization Council

To keep abreast of the times a more appropriate name was adopted for the committee which now reads "Model Codes Standardization Council." This, plus the new statement of function and scope of the council, as stated in the following paragraph, together with extreme efforts to gain 100 percent attendance, participation, and recognition, should enhance the council's prestige and programs. It was decided that the council should extend invitations to the American Institute of Architects, the American Society of Professional Engineers, and the Building Research Advisory Board, and others interested in the development of codes and standards.

Under the new function of the council, the first step decided upon was the council's activity toward the elimination of differences in codes in the following nontechnical categories: definition of all terms; description of types of construction and fire resistive assemblies; classification of occupancies; format (arrangement of code requirements in broad categories).

The desire to be uniform in the above was felt to be of advantage to the design profession and the construction industry.

Greater understanding by members of all organizations is the goal now, so that when MCSC makes recommendations it will have greater stature at code change meetings in securing uniformity as outlined above.

While the now stated purpose does not accomplish complete unanimity in building codes, it is felt that a united congenial effort on these subjects would provide uniformity, and in the future other areas could be explored. Actually, in the performance codes, except for geographical differences requiring different types of construction and necessary administrative differences, there is considerable similarity.

In the past 18 years, much valuable information has been developed, but due to past policy this received little publicity. Therefore, the future public relations and actions of the council are to receive adequate coverage in various types of news media, which in turn would make the council's activities more meaningful to industry, government, the code bodies, and the public in general. A new policy will be formulated in this respect which should be of interest to all concerned.

Greater understanding by all participating organizations, their representatives, and individual members is the goal now, so that when MCSC makes recommendations it will have the desired greater stature at code change meetings of the model code groups in securing the uniformity outlined above.

During the past years much unity of requirements has been and will continue to be accomplished in the three model codes maintained by the building officials' organizations through their Annual Code Changes activity. This results from submission of similar proposed changes by industry to each of the organizations. This opportunity for changes to all codes is open to all who complain about code requirements but do nothing to alleviate the conditions of which they complain.

Standards Acceptability

The endorsed standards of USASI [USA Standards Institute], ASTM [American Society of Testing and Materials], ASME [American Society of Mechanical Engineers], and other authoritative agencies are all recognized by the model code groups. Accepted engineering practices are recognized by all, and referenced therein. There may be some omitted in one code as opposed to the others. BOCA, as far as I know, is willing to accept any recognized and proved standard.

The present system of codes has resulted from an orderly growth through the years, and although there have been prejudices and misunderstandings in the past, these are now well on their way out. The National Coordinating Council established by three of the organizations and financed by them has provided the forum for discussion. Attendance by key personnel of all three groups of annual meetings of each of the others has led to better relationships and down-to-earth discussions of common problems and the resolving of differences of opinions. I can say that recent talks with key personnel of the other organizations make me, a conservative Dutchman, feel very

optimistic about future developments in this area. Tradition, pride, and misunderstandings provide the reasons for what appears to be disunity, but which, in reality, have provided uniformity.

BOCA Code Amendment Procedure

The BOCA Code as sponsored by the Building Officials Conference of America offers the opportunity to anyone to submit code changes.

There is no requirement of eligibility to propose changes in these codes. I have continually proposed to architects, engineers, and members of the constructions industry that if they find code regulations to their dislike, the avenues are open to them to submit changes. In fact, I have said that I will see that they receive consideration. What is necessary is that they submit factual data on their proposal — adequate supporting data — and present same on the floor at public hearings held for this purpose. And they are free to argue the case, defend it, and otherwise promote it in the face of any opposition. To date in some 10 years no one has availed themselves of this opportunity in my scope of operations.

We have a code change cycle for a period of one year. It is possible to achieve editorial changes and noncontroversial changes in a lesser time. The Code Changes Committee — chairman, and seven sub-committee chairmen along with the chairman of the Basic Code Committee — meet in executive session to make the final recommendations to the Conference members in one of the following ways:

1. Recommend passage as submitted.
2. Recommend passage as modified. (Modifications may be made made from the floor, upon acceptance by the submitter, or by the Code Changes Committee in an editorial manner.)
3. Continue for study. (Inadequate data or information.)
4. Deny the change (most times without prejudice, so that it may be resubmitted for consideration).
5. Deny the change completely.

Some changes are submitted and then withdrawn by proponents for various reasons — usually because they realize they have not made a complete study of the problem or lack convincing backup information, or are not consistent with other material in the codes.

Any code change passed by the active membership is subject to reconsideration, provided the motion to reconsider is passed by a two-thirds majority.

In my experience in this field, the recommendations of the Code Changes Committee are very, very seldom reversed. It has happened on two or three occasions. The motion to reconsider has only been on the floor once in my knowledge, and justifiably so. It passed, and the Conference reversed the previous action.

Because of the number of proposals for changes withdrawn at each cycle it is safe to state that 75 percent of the changes pass. Of those failing to pass, some succumb because they may be of benefit to

special interest, and others because of a lack of recognition of fire and safety provisions, or a lack of proper study on the revision.

Each of the three organizations publishes an annual supplement to its current edition of the respective codes, showing the current changes, and thus maintaining an up-to-date position to enable and encourage adoption by local communities that have adopted the codes.

Incorporation of Changes into Local Codes: St. Louis County

After publication of the code changes by the BOCA organization, the changes will usually come before a local code review committee. The Code Review Committee in St. Louis County is appointed by the Supervisor of the County and has on its roster an architect, an engineer, a homebuilder, a large-scale commercial contractor, and the building official or his representative, which in this case is myself. The Review Committee is charged by ordinance to meet at least once a year or oftener to review the annual changes made to the BOCA Code, or to consider local amendments for administrative purposes; or as has happened in some local amendments, to encourage industry by lessening some safety-to-life requirements.

The Review Committee submits its recommendations to the Board of Building Commissioners as required by the St. Louis County Charter. The Commission, after public hearing and/or other special meetings, has in 99 percent of the cases recommended passage by the County Council for enactment into ordinance.

Since my association with St. Louis County, the governing bodies have accepted (a) 13 years of BOCA revisions without change, (b) one year of BOCA revisions without change, and (c) two years of BOCA revisions without change.

The Building Commission is composed of an architect, an engineer, an electrical engineer, a labor representative, a contractor, and the Director of Public Works. These men are appointed by the Supervisor of St. Louis County.

To date our Review Committee, the Building Commission, and the Council have been most receptive to the proposals put before them.

The St. Louis County Electrical Code is the National Electrical Code by NFPA *unamended except for administrative purposes*.

The St. Louis County Plumbing Code was developed over a long period of years in operation in the county and recently was edited to a fair extent.

Both of the above codes are subject to procedures as noted above for the building code. Again, representatives of the fields involved compose the Code Review Committee.

After passage by the St. Louis County Council and official signing by the Supervisor the ordinance of adoption becomes effective in 15 days after the signing of the bills.

Code Changes in Other Communities

In most cases civic committees are appointed to study the revisions under guidance and assistance from the local commissioner. Complete acceptance has been prevalent in most instances, although there have been some adoptions with slight amendments to the changes. Where lethargy exists, the professional design groups and citizen committees should act to benefit from new materials and technologies available by code group study and acceptance.

St. Louis County Code Services

St. Louis County administrations have for many years offered the services of the Plumbing, Electrical and Building Regulations Departments to the approximately 95 towns, cities and villages in St. Louis County. Basically, these departments have jurisdiction over all of the unincorporated area of St. Louis County:

The Electrical Department provides inspection services for 55 of these entities. The Plumbing Department provides inspection services for 57 of these communities. The Building Department services 7 towns and villages of which two have a considerable volume of building. Efforts are being made to expand this activity, and passage of the most recent ordinance will expedite this action.

These communities receive an attractive package wherein one-third of the permit fees collected are refunded. In the instance of building regulations, the towns and villages served approve the plans for zoning compliance to their own ordinances, after which the county provides the services of permit issuance, review of all plans, and inspective services. In about 95 percent of the services, they are covered by contract, which causes them to adopt the same codes administered by the county for the unincorporated areas. The remaining 5 percent of the contracts allow some deviations or represent different types of agreements.

Very few problems have developed with contract cities and none have not been solved amicably.

The County also contracts with Fire Protection Districts, which were formed by State statute years ago in undeveloped areas, or in areas where communities joined together for common interest in fire protection. There are 23 such districts which charge fire inspection fees on new construction to supplement their limited taxing abilities.

The Building Regulations Department, with the assistance of the Fire and Accident Division of the County, issues permits for 15 of these districts which are refunded in their entirety. The remainder issue their own permits.

Code Uniformity in St. Louis County

Of 95 communities plus St. Louis County, or 96 entities, 76 use the BOCA Code. A number use BOCA codes as supplements to their ordinances.

Of 96 entities, 90 use the St. Louis County Electrical Code, which is the National Electrical Code.

Of 96 entities, all use the St. Louis County Plumbing Code, or an adaptation of it, since it was available for a long period.

Of 23 fire districts, 11 use the BOCA Code; eight use the BOCA Code with some of their own amendments; five have their own code.

All would use the NFPA Codes on specifics as references. Proposed meetings with fire district personnel now promise greater uniformity in the overall code picture.

Problem Areas in Complete Uniformity

Some of the older and larger communities desire their own regulations for various reasons, primarily for the right of self-government which has been delegated to them by the State. Some desire greater control over construction to achieve higher class buildings, or because they want self-government and feel that they can adjust better when necessary. Others are tied to legal adoption situations and will not change.

Local prejudices and misunderstandings cause a number of difficulties.

Fire protection districts created by State statute have caused overlapping of purposes, regulations, and in some cases, fees. This situation, while providing protection to the public, allowed adoption of building regulations in early years which now conflict with the normal governing authority. Efforts have been made at the State level to remedy this matter to no avail. Further action to eliminate overlapping and achieve uniformity by public relations and by constructive discussion programs is contemplated at the local level to achieve the uniformity desired. This matter has been encouraged by a county-wide fire study and shows promise of some if not all elimination of differences.

Recently our office has received overtures from the fire protection district organizations to assist in code study programs to develop understanding and uniformity in code adoption and enforcement. We intend to pursue these invitations to the utmost in an effort to achieve the unity desirable in this area.

To combat these differences, or achieve better understanding, the Missouri Association of Building Officials and Inspectors, an organization with about 18 years of background and development, has allowed its membership to be open to all building officials, municipal officials, inspectors, fire personnel, and industry. It has conducted small one- and two-day conferences at which all phases of building construction and the fire protection field have been presented to educate and enlighten the membership and any others interested. During the past four years, three-day conferences have been held, allowing more time for detailed presentation and discussion of various subjects concerning the activities of all members.

These programs are similar to those encouraged by BOCA at the New England Institute for Building Officials, Rutgers University courses, University of Pittsburgh extension courses, the Eastern States Annual School, University of Virginia activities, and other local group meetings for the advancement of the building inspection profession. Negotiations are underway with the University of Illinois to provide similar courses.

In joint sponsorship with St. Louis University under the direction of professors of civil engineering and electrical engineering, through the University's Extension Division, a class in Building Inspection I and Electrical Inspection I has been conducted. This year classes in Building Inspection I are being repeated and Electrical Inspection II are currently running. In February it is planned to offer Building Inspection II and probably a repeat of Electrical Inspection II, or a new section on Electrical Inspection III will be offered.

To date, the Missouri Association of Building Officials and Inspectors has paid the \$20 fee charged for any of its members who desire to attend the classes for two hours one afternoon a week for 12 weeks. It is the desire to expand this education facility, as funds and demand exist, into various aspects of administration, education, and enforcement. St. Louis University has had government aid in a limited amount to help subsidize this activity. Adequate financial aid to the University and MABOI would provide a good sound program to all those in the field to develop professional standards desirable in enforcement and regulations.

Financial recognition to make code enforcement positions attractive to more professionals, and to provide more incentive for advancement by joining the ranks of the code enforcement field would help advance code administration.

Many areas will not adopt by reference because there is no State enabling act, and their legal advisers do not countenance this action. In this respect, St. Louis County has had no repercussions.

Building Codes Across the Nation

The four recognized codes — BOCA, ICBO, American Insurance Agency, and Southern Code — represent a large segment of the total code picture. Of these, all but the American Insurance Agency National Code provide for annual revision. The systems vary but the results seem to come out the same in the great majority of cases. Most large cities have had codes for many years and seem to desire to keep their own for various reasons. However, the City of St. Louis in 1960 adopted about 90 percent of the BOCA Code in the rewriting of their code after much study. This, coupled with the County activity, makes this about the largest area in the country achieving a fair unification under one code, as stated at the beginning of my talk.

I feel that the code groups are sincere in their efforts — they are largely unbiased, except for safety to life and property. They are do-

ing a respectable job, deserving of much credit rather than the criticism which has been directed their way. We are aware that we can improve, and constantly have programs underway to do just this. Industry as a whole approves of the present system; at least this is the way they voice their opinion to me. But there are isolated cases where industry may say that codes hamper them; however, I find that this is largely in their efforts to cut corners — not so much in fabrication methods for compliance, but in many cases materials are designed to perform in certain ways, and cannot do that under conditions unsuited to their make-up.

Innovations Testing

What does constitute an innovation? What does the term really mean? What are we being asked to accept for the general public, who generally are lost when it comes to construction? And it is the general public or consumer who has to pay for the end product.

Performance codes provide for innovations to be used or submitted. We are not opposed to this, although we find that many developers of innovations have inadequate data to prove their products or assemblies. They must conform to certain recognized standards for materials, both generic and chemically composed, to provide reasonable life to the ultimate consumer. They must be able to provide the minimum structural and fire requirements for safety to life and property.

Perhaps the largest discrepancy noted in innovations or performance is in the trends of design toward ultimate strength, or perhaps a one to one-and-a-half design factor. It has been found that no matter if the design may be determined capable and adequate on paper, the lack of performance in the field, or the lack of pride of workmanship does not allow or permit the ultimate, or nearly ultimate, design "to work!" "The best laid plans of mice and men can often go astray." The people who have to carry them out and produce a result, cannot, or will not, or are not sufficiently interested in their work, or not knowledgeable enough to accomplish the desired end.

Simulated wearing conditions, weathering conditions and other causes of failure in testing do not seem to produce the desired results.

We are willing to permit some new techniques on a limited basis, and new products to be used when reasonable information is available for some evaluation. If proved out, they can go full force. We find in many cases that these persons who desire innovations do not care to stick their necks out too far.

I, and the people I represent in BOCA, the other codes, and my employer — St. Louis County, Missouri — thank you and the Commission for the opportunity to appear before you to present the material you desired. I hope that it has served a constructive purpose in your future deliberations. Thank you for your attention and patience.

MR. LYONS: Thank you. Mr. Grueninger. The next appearance will be Mr. John Fischer of Bridgeton, Missouri, and I will call on Mr. Dick O'Neill to introduce him.

MR. O'NEILL: It should be Mr. Mayer.

MR. LYONS: Then, we will proceed in that manner. This is Mr. Alfred H. Mayer, President of Alfred H. Mayer Company, who has been in homebuilding since 1947 with his father.

STATEMENT BY ALFRED MAYER

Code Deviations

MR. MAYER: We want to thank you in behalf of the homebuilders and myself for allowing us to give you our views on these certain subjects. One real problem in St. Louis County is that you have about 22 different municipalities as well as the unincorporated areas. It hits us in a number of areas, and one in particular is the various fire districts.

You have about 32 different fire districts and about as many different codes, and about 400 times more different interpretations and, in most cases, by unqualified individuals. In other words, the individuals in the fire districts that make the determination on any of the aspects of the quality of building in relation to fire are fire marshals, rather than architects, engineers or any one else. We have been fighting, and the Public Works Department in the county has been fighting on our behalf and on the behalf of common sense, to have a uniform code and to have it administered and interpreted in a uniform way.

The fire marshals got represented by attorneys, went down to the State Legislature, and so far they have been able to convince the legislators not to change this. I feel that this is going to have to be changed to allow us to get a uniform fire code throughout the country.

As far as the codes that we have in the county, most of the national codes are being adhered to. To give you one example, the National Plumbing Code was adopted here several years ago after much study, but what happens is this: They analyze these national codes and they consider them minimum codes, and they start on that basis and then start eliminating things that special interest groups for one reason or another want to eliminate for their best interests.

One example would be in the case of pre-assembled plumbing. We just can't seem to get that through, and one of the major reasons is, of course, that it affects the amount of work that the unions will have.

Another thing is, for instance, the case of waste stacks. We fought for weeks in order to try and get a national code adopted without exception. We finally had to compromise and eliminate plastic pipe completely. Copper pipe — which is also a time-saving device — was finally compromised so it became ineffective — a combination of making the wall thickness much thicker than necessary, and the unions required several men on it, so it really isn't in great use. So we have two factors, we have the unions and we have this constant dilution of items that are sensible and have been tested on a national level, but

your local groups make a determination to eliminate what they just do not want or do not see fit to have.

Your Electrical Code: again, here is a matter where I will give you an example, in the case of one of the municipalities. And, believe me, I am not directing this towards the public works administration in the County, because they are quite competent, and they have been very helpful in trying, for instance, not to have any deviations from these national codes. But some of the smaller municipalities in cases, obviously, where conduit is not necessary, require conduit, which has raised our costs several hundred dollars an apartment. The unions, being in favor of this, will speak and perhaps get a subcontractor that they are close to, to represent this as being very little extra cost, actually distorting the whole situation, so in some cases, in union-oriented municipalities, these exceptions to the national code begin to appear.

In the case of the Electrical Code — the National Electrical Code — some of the local interpretation requires you to put plugs behind doors or in areas where they obviously wouldn't be used. Now I might say, well, okay, so there are a couple of extra plugs, what difference does it make? But, as you probably have gathered from your travels already, it amounts to millions and millions of dollars that are thrown down the sewer when you are trying to actually improve the environment and encourage people to buy homes with better environment, both physically in the home, land plan, et cetera.

Sidewalks would be another example of a place that we are spending an extra couple of thousand dollars this year. Several children got hurt by automobiles, which brought up a tremendous group of people that must have sidewalks on both sides of the street, regardless of what the costs may be. Now, this required the builder to put in sidewalks on both sides of every street. In the major streets that are already built and in places where most of the children are hurt, there is no real provision made for this, whatsoever. In other words, when we tried to combat it and to work on a sensible basis, perhaps to have sidewalks on both sides of major collector streets, on one side on minor streets, and not at all in areas that have frontages of two hundred feet, we were fighting motherhood and apple pie and this was hard to fight and this, of course, from an emotional standpoint. The Sidewalk Ordinance became much more rigid than was necessary.

One of the major or most complex situations that exists in St. Louis County are our zoning ordinances. It is a wonderful ordinance in some respects. The new ordinance allows a man to plan environmental features, less rigid plans can allow one to use density and cluster in many different ways — highrise garden apartments, townhouses — include amenities, lakes, any number of things, and this facet of it is excellent. But, again, the application in a lot of cases has been lacking to some degree.

Non-urban Zones to Halt Suburban Growth

What has happened here is that the Planning Commission in general — I shouldn't say the Planning Commission, but some members of the Planning Commission and some members of the St. Louis County Council — have decided — the same situation that exists in every other large urban area — that the urban problems are very, very complex. One, the schools are overcrowded; two, the roads are too narrow; three, the recreational facilities are lacking. These are all of the things that I am sure you gentlemen are aware of and read in *Life*, *Look*, and in some of your professional publications. They decided, however, in order to solve this, that they were going to use zoning to stop growth and, therefore, make it a stalemate situation. What they have done is, they have created an area that they call, or a category that they call, non-urban.

Now, supposedly, the interpretation of non-urban is land that is better for farm use and won't be ready for development, or is too far away from all of the utilities. St. Louis County, which is obviously an urban County, is zoned a high percent non-urban. They have decided to control the growth right adjacent where you, obviously, have utilities, and they have turned down almost every application in this non-urban area because — off the record, but really on the record — in a lot of cases it is because they feel that the county should not grow any more until they solve some of their problems in the way of bonding capacities for schools and wider roads and so on.

Personally, the other homebuilders and myself feel that they are not going to solve these problems this way.

These are legislative problems. These are problems of educating and maturing the voters to take their public responsibilities and put the amount of their taxes where they should be. Our tax rate, I think, is about half or one-third of some of the bigger urban areas that have the better school systems and get roads in ahead of the development. But we just can't see how the stopping of growth is going to do anything except allow this same situation to exist in a dormant fashion. We feel if the public is inconvenienced — in some of our school districts occasionally we have to have two sessions of classes going as late as six or seven in the evening — then they will vote for bond issues and they will vote to change some of the bonding capacities and the two-thirds vote that is needed to pass a bond issue.

Another major area they have talked about is an ambiguous term they call scatteration.¹ This is a condition that exists when the builder skips tremendous pieces of land and locates a subdivision or city far away from the present utilities and therefore causes the rest of the populace to pay for the development of roads and the development of the utilities to service these areas.

They are trying to take all your residential density instead of R3 and R4 and your denser type of categories. They are trying to lessen,

¹ Often called leapfrogging; practices resulting in urban sprawl.

and, therefore, really spread out the utilities and make it much more difficult and much more costly to develop these pieces of ground. What happens, too, is that the price of the ground stays about the same, and if you get only one house to the acre or two to the acre, rather than four to the acre, if you are shooting for a particular price class, you have to eliminate some of the amenities that they are trying to plan into our developments. All of the discussion about environment and all of the things that have to be done in the way of land plans are being eliminated because the land cost is going up in price outlandishly.

Now, in freezing the lands, which is what they have done with this non-urban approach, what they have really done is make land so scarce that the developers have decided, since it take about six months to even get a total hearing before the Planning Commission and then the Council, to pay a little more for the ground that is available. Some of the speculators and owners hold it up in price to the point where in a lot of cases land costs are completely out of reason.

I think, generally, I have covered most of the points that I feel are a problem in this area. They are acute.

MR. LYONS: Thank you very much, Mr. Mayer.

MR. O'NEILL: Your next speaker is John Fischer, who is a land developer, homebuilder and prefabricated home manufacturer. He has furnished mobile home parks, built single- and multiple-family housing under both conventional and FHA systems. He is known very well in the housing industry and one of the most efficient builders in the United States. Mr. Fischer.

STATEMENT BY JOHN FISCHER

MR. FISCHER: I will talk about some of the things that have happened to us over a period of the last 10 years with relationship to how they affect the cost of the housing units as we see them being built in this area. As Mr. Mayer said, the cost of ground, ground improvements, and things related to the lots themselves, have more than doubled the cost of the building lot in the St. Louis area in the last 10 years. To bring the sidewalk figure to an amount that can be interpreted, in one subdivision where there are 425 houses we had to install sidewalks on both sides of the streets, including all minor streets, and cul-de-sacs. We, at that time, offered the particular municipality the amount that these additional sidewalks would cost to put sidewalks on all of the main traffic arteries, and it was \$52,000. They turned it down and insisted we put the sidewalks on both sides of all the minor streets instead. Ten years from that date, they still have no sidewalks on any of their major traffic arteries, and this is where all their children are being hurt. This condition exists throughout the county.

As Mr. Grueninger said, 80 percent of the governing bodies use the BOCA Code, but which one, and whose interpretation, of the BOCA Code? Sure, they use it as a whole, except that each building commissioner — and many of the building commissioners are part-time aeronautical engineers, or own a grocery store down the street, and this is a part-time job — interprets this in any way he feels like interpreting it.

Costs Added by Code Changes

I ought to say if you take the selling price of a house, the house proper, eliminating the lot, the lot improvements — such as sidewalks, sodding, planting — eliminating the financing costs, and the overhead and profit, the cost of the house is between 60 and 65 percent of the selling price. Yet, the following changes have been made in the codes in the St. Louis area since 1963:

The design approval required on the improvement plans increases the cost \$3; the higher pipe standards on sanitary sewers increase the cost \$71.25; the installation of yard vents, including small percentage for breakage, amounts to \$35; increased permit fees are \$6; the use of granular backfill on any improvements located on the right of way increases the cost to a minimum of \$25; the higher standards on storm pipe increased it \$25. The new drain requirements of compaction on the side of the right-of-way as well as under the pavement, and their application to sidewalks in the manner in which permits for inspection have to be obtained, increased the cost \$100. The increased paving cost is another factor and I feel it is a direct reflection on the Inspection Department, because you are required to pay for an inspector at all times when you are doing any paving; yet they come back and core all the concrete streets, regardless of whether the inspector was there. If there is a half-inch variation at any coring spot, the penalties are so stiff that everyone has gone to boring either 6¼ or 6½ inches rather than 6 inches. I feel we pay for this twice.

The grounding of all electrical outlets increased the cost \$35; the increase of additional plugs in the house increased the cost \$37; the installation of a two-foot nodule increased the cost \$23; the additional plans required to be furnished for approval increased it \$15; the trusses required increased it \$8; higher permit fees, \$10; installation of tempered glass, \$25; double joist under partitions, \$25; two-inch lumber around floor perimeter, \$20; three-eighths exterior plywood for overhang, \$20; larger footings and letters of certification, \$10; the installation of a C-grade plywood on roofs, \$30. Eliminating the costs that relate to the subdivision or lot improvement, we increased the cost \$260 per house by the additional changes in code requirements since 1963.

We happened to be successful in eliminating a series of additional proposed code changes which amounted to another \$140. If these had gone through, we would have had an increase of \$400 on between

60 and 65 percent of the cost of the house. So, you are talking about a substantial increase.

Looking at it from the standpoint of interpretation, St. Louis County interprets the BOCA Code pretty well in accordance with the way it is written. But if you go to the interpretations coming from some of the other municipalities and from some of the smaller cities that we ship manufactured houses to, we have the following list of substantially increased costs:

1. Footings, integral with the foundation on basementless houses, about \$190.

2. Use of masonry on multiple dwellings rather than the use of brick veneer increased apartment units about \$200 a house.

3. The types of insulation required by the different fire districts existing in the area increased the cost about \$30 a house.

4. The requirement of 2x4 rather than 2x3 interior partitions on all houses or apartment units increases the cost about \$50. Yet the government on all of their housing for all of the military use 2x3's throughout; and we happen to have built some of them.

5. The double framing and headers and increased requirements dating back to the use of wall-bearing partitions still exist in many areas, even though trusses are being used, to the tune of about \$20 a house.

6. The bridging requirements on basement floors, although not recommended under BOCA, increased the cost about \$40 a house.

7. Fire stops, not required by BOCA, increased the cost another \$20 a house.

8. Half-inch sheeting, on roofs, for instance, increased the cost between \$60 and \$70 a house.

The total inclusion of all possible additional requirements we have run into since we have been manufacturing houses — the total combination — increases the cost about \$880 a house on interpretation of different people in different areas, if you get the full impact of their interpretation.

This, combined with the changes that we have shown in our St. Louis area, amounts to well over \$1,000 a house, or approximately 8 percent.¹ We feel this 8 percent certainly can be utilized in another manner and I haven't even touched on the prefabricated plumbing or prefabricated wiring packages. The prefabricated wiring package would be a saving of \$120 a house. The saving on a prefabricated plumbing package amounted to over \$200 a house. Nowhere in this area can you install it, because of code or union requirements.

We are fighting to hold the cost of housing down, and the cost of housing, as we see it here, is beginning to get away from us.

¹ Later written response by Mr. Grueninger: "Some of the information supplied by the builders was stretched out of context which could be misconstrued. The statements that amendments to codes, zoning ordinances and sidewalk ordinances add over \$1,000 to the cost of each house is slightly in error. This was a cumulative figure of *all* additional costs in the total municipality and unincorporated St. Louis County. All costs would not be applicable to permits in each town or in St. Louis County. The picture is not as bad as it was made to look."

We certainly hope that your Commission with the help that we might offer — whatever little it might be — may help educate some of the people to get to at least a universal interpretation and not to use everyone's individual interpretation, to increase the cost.

Thank you.

MR. LYONS: Thank you, Mr. Fischer. We will now proceed with some questions from the Commission to the three witnesses.

QUESTIONS BY COMMISSION MEMBERS

MR. O'NEILL: *John, let me ask you a series of short questions. Does the National Electrical Code allow Romex?*

MR. FISCHER: Yes.

MR. O'NEILL: *Does the BOCA Housing Code allow 2x3 studs on interior?*

MR. FISCHER: Yes.

MR. O'NEILL: *Does BOCA permit single joists under non-bearing partitions?*

MR. FISCHER: Yes.

MR. O'NEILL: *Does the BOCA allow no bridging, and you don't have to use fire stops?*

MR. FISCHER: Yes.

MR. O'NEILL: *All the interpretations that the people have gone on have caused the increase in the cost?*

MR. FISCHER: Yes.

MR. O'NEILL: *If you built in an area where there was no code, no building department, would you build any different than you would build under your interpretation and this official's interpretation of the BOCA Code? Would you build it any different?*

MR. FISCHER: Very little.

MR. O'NEILL: *Could you save any more money?*

MR. FISCHER: Yes.

MR. O'NEILL: *What items?*

MR. FISCHER: I am not prepared to say, but very little. The saving would be very little.

Code Interpretation a Cost Factor

MR. O'NEILL: *The principal factor of the increased cost is due to people interpreting building codes and zoning ordinances and all the other miscellaneous things?*

MR. FISCHER: Yes.

MR. O'NEILL: *The interpretation, you think, John, makes for this lack of uniformity and creates the increase of cost?*

MR. FISCHER: I think that is the biggest portion of it.

MR. O'NEILL: *In effect, the four model codes that we have in this country — if people would leave them alone — are adequate to do an adequate job and you could probably use them even in a non-code area and you wouldn't build any different?*

MR. FISCHER: *Very little.*

MR. O'NEILL: *In effect, the lack of uniformity is due to people interpreting a basic code — not due to a zillion different ordinances all over the lot?*

MR. FISCHER: *In some places, the people will interpret it, and other places, they will pass ordinances which differ from it, so this is an interpretation.*

MR. O'NEILL: *They will create another code, but where they have the basic uniform code, they will change its interpretation?*

MR. FISCHER: *Change it appreciably, for no reason. In Bridgeton, they say, "We don't care what BOCA says. You are going to put bridging in all our basement houses, because Bridgeton wants it better than the code requires." Perhaps the next guy wants you to paint it green, because he wants it green.*

MR. O'NEILL: *How can we get these interpretations straightened out?*

MR. GRUENINGER: *This is the crux of our situation. We are doing our best to hold meetings, to educate our people. As far as the right interpretation, I well realize what John is talking about. We have our differences once in awhile — we are bound to — but we make every effort to cooperate and assist where we can. Now, somebody has to take the leadership in this. The county has done this and will continue to do so. In the matter of interpretations, I mentioned prejudices and misunderstandings. So, therefore, the matter of getting over these points is not just perhaps one meeting or two meetings or something like that; it takes some time to accomplish it. The county administration, as far as that is concerned, wants more uniformity. They would like to see communities getting together, but we are approaching it from, let's say, your thoughts, and his thoughts, and from the idea of getting there. We have to get there. This is the problem.*

MR. O'NEILL: *Would you care to comment on that?*

MR. MAYER: *Here is another area where one of the major problems lies — that is the fact that you have so many municipalities. In other words, if these large urban areas were treated as one, and you didn't have all these little chiefs that wanted to protect their own interests, I think that in one fell swoop you would solve a lot of the problems. But so many of the problems exist in this area because of all the little municipalities and, for instance, speaking in Mr. Grueninger's behalf, and Mr. Mueller's, who was the Public Works Director, he spent a lot of time and effort going to all of these little fire districts and talking to them about a uniform fire code, and they really weren't qualified to discuss a fire code intelligently; and, yet, they come up with any number of foolish reasons why they want to withhold their own little enclave or own little kingdom rules.*

MR. GRUENINGER: The mentioning of the fire protection district by Mr. Mayer — it isn't entirely the fire protection district, I don't think. I think there are some legal backgrounds and interests involved where-in they want to keep this matter in their hands. But, gentlemen, we do have, for the first time, some hope, for there has been a fire study going on for several years. Certain parts of it have been published, but I don't think the final report has. But for the first time in some 15 years that I know of, we are about to see a major breakthrough, or a major effort toward uniformity, toward the adoption of a compatible fire code and a building code. This is where the trouble comes in.

In what fire districts call their fire code, it often is really a building code, but that is where we might say, you only need three-quarters of an hour fire separation between apartments, floor-to-floor, or side-to-side. They set up one-and-a-half hour requirements and some said two hours. When asked why, they say, we want to restrict apartment construction. We have had overtures from the districts, from the Organization of Fire Chiefs, and they specifically have asked for us to hold meetings and attend meetings, to achieve uniformity in interpretation, and this is the only way you are going to get it through their heads; that this means this and this means that. Some persons still want to stretch it. You are going to have some that want fire blocking, who are going to be block-headed about it and say this is all there is to it. You are not going to do it in any other way.

There have been some statements made to the extent that fire stopping isn't required. I think what Mr. Fischer meant and what Mr. Mayer meant was excessive fire stopping because you still firestop floor-to-floor at the floor levels, but midwall blocking is excessive — it is additional material. I am sometimes criticized because I am a professional, and they say I feel that things should be done in a much better way. I have realized my responsibilities. I know what I can enforce, and that is all that I try to enforce. I might suggest something to either one of these gentlemen. If they want to take it, that's fine; if they don't want to take it, I don't go any further with it. But I have the minimum set forth and that is all the further I would go. The only thing I can say is, we have to work on this problem of interpretation and it has to start at the grassroots level.

MR. O'NEILL: *Thank you very much.*

Codes and Architects

MRS. SMITH: *There are dozens of questions I would like to ask. Because I am an architect, I spend half my life badgering the building department or badgering the guys that give interpretations. Would it be possible for Mr. Grueninger, in your organization, to set up some — first of all, a study on interpretations throughout the country, and then could there be some leadership in the forming of an appeals board? I think not until we get to something like that, are we all going to go places.*

I will give you a silly example, but a terribly important one: on apartment houses, the interpretation is three feet between glass. I want to run the glass to the floor. I am allowed to if it doesn't show an elevation, and, you know, this is just sheer foolishness. There are thousands of things like that, that come up all the time. There is no fast way for me to ever get an answer. Surely there must be some leadership, because I could go up here 10 feet and run the glass here, no problem; it is interpreted so you can have one foot in front and 10 feet out this way and that would be considered fine.

There are many things. When is a wall a wall and when is it a roof? I can't use anything on a roof but glass under our fire interpretation, and if I use anything else, I have to make it a pitch, a mansard roof, and it is going to burn just the same, if it is going to burn. I have no choice. So, in case after case after case, we spend our lives in trying to design something. I don't care who writes codes — nobody could dream up all the questions. Therefore, they don't have the answers. Is there some way there could be leadership to get fast answers to so many different things?

MR. GRUENINGER: I think there is. There is a concerted effort by the BOCA organization right now to publish interpretations which should help them be uniform. Obviously, this will perhaps take longer, and they may not cover what you are talking about. However, before I became a building official I had an architectural practice. I made it a point to go to the building official when I had preliminary thoughts and sketches.

MRS. SMITH: *They wouldn't talk to us.*

MR. GRUENINGER: I know your problem, and that is why I am willing to do it. We have spent half the hours in going over preliminary plans; we are willing to take Mr. Mayer's, Mr. Fischer's, any building, and spend the necessary time, because that is where you save the money; and, really, you can still combine your client's wishes, the minimum requirements of the code, and your design requirements, if we all get together on them.

MRS. SMITH: *Early.*

MR. GRUENINGER: Early, that is right, but we are perfectly willing to do it. We have run into two or three people who simply will not come out. They send in a completed plan and when you say anything about it, they say you are picking on them.

MRS. SMITH: *Well, they are too busy in the District of Columbia. They don't have time for that.*

MR. GRUENINGER: This is, I think, the failure of many building departments. They should be able to spend the time on some preliminary review, to get you off on the right track.

MRS. SMITH: *Wouldn't it be profitable to get some leadership that these people agreed on? How about an appeals board?*

MR. GRUENINGER: You have an appeals court everywhere.

MRS. SMITH: *I know, but that is like giving up.*

MR. GRUENINGER: I don't think so.

MRS. SMITH: *It take so long. They should be sitting every day, people answering all the questions.*

MR. GRUENINGER: If you want it every day, we will call a meeting of our appeals board any time you want it, and you have professionals sitting on there. You have contractors sitting on there, and I think you get a fair deal.

MRS. SMITH: *You may here, but it is very difficult in many cities.*

MR. GRUENINGER: We are trying to be democratic in our approach to the matter. This is what you have to do when you are dealing in minimums; and, of course, when you are dealing with people.

MRS. SMITH: *I have one other question. Has there been any study on re-examining the BOCA Code with a view to bringing down costs, specifically? Would it be possible to really look at it towards that solution?*

MR. GRUENINGER: I think I am going to pick on my friends' organization here. I believe it was Ralph Johnson (of the National Association of Homebuilders) who made the statement that if you eliminated the outside walls of a house, you would only save about 4 percent of the cost.

MR. O'NEILL: *Of the price.*

MR. GRUENINGER: *Of the price.*

MR. O'NEILL: *Right.*

MR. GRUENINGER: Therefore, I don't think that we are constantly denying changes or, as I say, we have no qualms about people submitting any changes. We welcome it. Most of the things that Mr. Fischer and Mr. Mayer spoke of here were really in mechanical fields. They were in subdivision requirements such as, grading, and we get into an area now where some the best ground has been used. We are trying to use something else. This requires compaction. This is costly, but, nevertheless, to be in the proper places, you have to do it. Most of the costs they have spoken about are not truly in the building area. We have no question about trusses. We had a little question about the connection of trusses about six months ago. These people went down and had some tests made which turned out to our satisfaction, and we accepted it. They are now doing a little better job of connecting the truss to the plate. This involves three nails or two nails extra, or something like that; so I don't think it was an extreme cost. The trouble with trusses is, there are too many people that are not professionals in the business who use them and who use them in the wrong way.

Again, it is an educational area that needs to be covered.

MRS. SMITH: *Thank you very much.*

MR. FISCHER: The little discussion that Mr. Grueninger's department had with a few of us came as a result of a tornado we had in St. Louis, after which a member of your profession made some comments regarding the construction of frame houses. The proposed changes that they immediately suggested as a result of these comments were not required in the BOCA Code, but all allowable under the BOCA Code; they amounted to \$100 to \$120 a house. I might like to thank

Mr. Grueninger, for after we discussed it two or three times, we did manage to keep them from being made.

MRS. SMITH: *I don't feel that I would like this appeal to be made in the form of amending this code on a local level. I personally feel that we should try and keep this coming from a national source, because I am afraid this thing could get interpretative again. In behalf of the BOCA Code, I don't consider it a minimum code at all. I don't like the attitude that says if a 2x6 is good enough, that a 2x12 is twice as good, because it is twice as big. Perhaps, in one way, and, perhaps it is twice as bad in another. I consider it a performance code and I don't consider these minimum standards, you see.*

MR. GRUENINGER: That is what your performance code is set up for — on the basis of what you say are your minimum standards. Now, anything else you provide, if you want to provide a 2x4 to do the same job to make it stand up, you can use it.

MR. MAYER: This is the thing: I understand your points, and some of the skin materials — some of the finished materials — can either be, let's say, a builders' line, be a better line, and so on. I understand that. But when we are talking about structure, I think something is going to hold with proper protection and proper variance, as far as your protective devices are concerned, and why add to that? I think it is wasteful. You see, you have your protection, as you know, of course, in your load factors, and so on; and I don't want to have to go beyond that because I think it is taking somebody's good money and throwing it down the drain.

MRS. SMITH: *I would just like to make one last comment. What special interest group needed more bridging, at that Bridgeton that you mentioned — excessive bridging? I can't figure what group that would be.*

MR. FISCHER: The same group that requires 2x4 interior partitions instead of 2x3. All we really need is somebody smart enough to figure out how to supply rigid acoustical separations in an area, and if they stand up by themselves, that is what we need. A partition is only a rigid acoustical separation when you get inside a house.

MRS. SMITH: *And not so acoustical at that.*

MR. VANDERGRIF: *I must confess that I found certain aspects of the testimony a bit startling this afternoon. For one thing, Mr. Grueninger, I have come onto this Commission with really very little knowledge of what appears to be dissatisfaction with building codes and administration of them. I have heard complaints from many builders, many architects, after making the usual polite references to the local building officials, "We don't necessarily mean you — we are just talking about the situation in general." I am amazed to see in your testimony the statement that in 10 years, in terms of the BOCA Code, you have never had architects, engineers, or members of the construction industry, disliking the various code regulations to come before you.*

MR. GRUENINGER: I didn't say that.

MR. VANDERGRIF: *Could you refer to your testimony?*¹

¹ See page 214.

MR. GRUENINGER: What I said, or intended to say, was that if the architects or the engineers or any of the design professions had objections to the code, I was willing for them to submit their change, their proposal, and I was willing to see that it was considered. I have no objection to you or any of these gentlemen submitting a code change as far as St. Louis County is concerned; the same is true as far as BOCA is concerned.

MR. VANDERGRIFF: *What is different from what you are saying and from what I said?*

MR. GRUENINGER: You said that I said I never had an architect dislike it.

MR. VANDERGRIFF: *No, no, to come before you — the BOCA Conference.*

MR. GRUENINGER: I see what you are talking about now. I had the professions, let's say, criticize or complain about things and I said, all right, let's take the necessary steps to correct this. I am talking about individuals. I said in my 10 years of doing this, or trying to cooperate on this, no one has asked me for any help. We have offered to put on a code program for the American Institute of Architects here in St. Louis. It was not accepted in any way. We started out with the group to put on a code program — what I want to call a nuts-and-bolts program, A B C's for the engineers — and it did not turn out that way in the final presentation.

Now, to me, and I don't like to say this, I don't think a lot of these people want to do this. Avenues are open to them. This is why we are talking about getting architects and the engineers in on this joint committee work, so they have, let's say, a front-row seat to voice their opinions. And believe me, this is a good place for them to do it. But the avenues are open as far as we are concerned any time. You must remember this, however, that when code changes are presented, you still have various industries that are going to take sides on the picture, too. So, if the architect gets there, he is going to be subject to considerable questioning, and, perhaps, some unfair questioning, by people that are at these public hearings. It happens at every public hearing, as far as that is concerned. I think the avenues are there for them to do it, if they will.

MR. VANDERGRIFF: *All right. Thank you very much for clarifying the matter. In our area, where we have started regular sessions with the various building inspectors, all the governmental bodies were in one meeting monthly; they tried to get together on interpretations. It is fairly new in our section — but may be old in other sections. Have you done it here, by chance — where you get the building inspectors and all the departments and discuss things?*

MR. GRUENINGER: That is right, we do this. We have no regular schedule. We would like to get to it. We find, again, if we have a dinner meeting, the building official or the inspector will not pay for the dinner. If somebody gives him a dinner, he will be there. If the organization pays for it, he will be there. But this is part of the

problem and we cannot ask every manufacturer or Mr. Fischer, if he wants to talk about his own problems, to foot a bill like that.

On the other side, we cannot ask them — the builders or industry — to come out if we don't feel we are going to get a good attendance. For this class, we started meeting one afternoon a week. The county or municipality gives one hour and the man gives one hour. Our organization has paid the tuition that the university has charged. We intend to expand this as much as we possibly can. We would like to have 10 courses going every week, if it would be possible to do so. This, obviously, takes a little backing to accomplish it, but this is the area where I think it has to come.

MR. VANDERGRIFF: *Mr. Mayer, and Mr. Fischer, you made it sound a bit unattractive to build in certain of the nearby communities. But I presume there is a market condition that still makes it advantageous for you to do so in spite of these rather burdensome conditions?*

MR. FISCHER: Not only a market condition, but Mr. Mayer spoke about the non-urban ground and the grounds set aside. So these may be the only communities left in which you can build.

MR. VANDERGRIFF: *The non-urban grounds — I am not quite sure I understand that. Is that the unincorporated area in the County?*

MR. MAYER: Right. What they call non-urban zoning, which, in fact, says, "Let's stop here for awhile until the schools catch up, until the roads catch up. Until they start building roads into areas that are not developed, there will be no more zoning." Now, it is a subtle thing. There has been some zoning for development, but, basically, even some of the officials tell you that this is too complex a problem and that we better stop right now. Non-urban is one home to three acres, and the actual category designation is ground with no utilities available, and so forth. It is being used to freeze the lands in St. Louis County at this time.

Pride of Ownership Factor in Housing Standards

MR. VANDERGRIFF: *All right. Thank you very much. I would like to ask one more question: I hope I won't be misunderstood here, but Mr. Mayer, did you say that you prefer a national code to unify the four model codes we now have?*

MR. MAYER: No. All of the four model codes that we now have are actually national codes. You see, basically, the only thing that I would prefer is that these interpretations come from a national level, and that all of the individual groups in various cities do not get to amend them into, let's say — well, basically — to interpret them to their own way of thinking. I think it should come from the top people in the country. Let them hash out what the best solution is and then make the rest of the cities conform to this.

MR. VANDERGRIFF: *In other words, St. Louis, or Bridgeton, would not have the right to make amendments that they see fit to offer?*

MR. MAYER: Right. I feel that it should be done on a national level. Otherwise, these individuals, sometimes for no reasons other than their own satisfaction, make these changes.

MR. VANDERGRIFF: *All right. Now, the closing question — I am sorry to take up so much time, but I will try to make this brief — it has to do with substandard housing and rehabilitation of same. I don't want to be misunderstood, I know when you start to talk about double standards, this often is misinterpreted. In other words, everybody is entitled to like treatment, in one sense of the word. But I am referring to the housing that we need to rehabilitate, and the difficulty is bringing that housing up to the standards that we might want to impose were we to have our choices in all matters. Do you see any real hope for some kind of workable double standard, if I can phrase it that way, that will allow certain reasonable improvement to be made in substandard housing without calling for the same standards that apply to new housing?*

MR. GRUENINGER: Well, sir, there is substandard housing — there isn't any question about that. The housing codes have lesser requirements than the building codes. Now, you are trying to bring up things to our housing code level, which we will say, maybe is an absolute minimum from the standpoint of sanitation, welfare, health. This takes initiative on the part of people. I cannot speak too well on it, although I have ideas of what I would like to see done. Unfortunately, our minimum housing code is not enforced by our Building Department but rather by the Health Department. We have been trying to get it in our department because we feel this is where it belongs. So far, we have been unsuccessful. I think there is a great matter of education along these lines that where you can secure voluntary compliance — after all, these are minimums — I don't think they are too high for too many people to reach.

I want to ask a question, and this reflects on an agency. We, of course, have the Federal workable program as much as we can, and there have been grants given to St. Louis County for certain things. But in the last report that came back from Fort Worth [HUD regional office], there were two or three things in particular: They said, you cannot have any junk automobiles in the yard, period. There is no basic help as what to do. You shall paint all the fences; nothing stated regarding condition or anything else, just paint them. You shall paint all of the houses. Again, nothing said as far as condition. These changes being made, we were in compliance but what did it accomplish? Not a thing. The point is to get back to our pride of ownership, where we took care of what we had. This is the big question, I think, today.

MR. VANDERGRIFF: *Thank you.*

Codes and New Materials

MR. DOUGLAS: *There are things that have been on my mind for many months. The first question I would like to ask is this: Do any*

of the codes prohibit or discourage the use of prefabricated concrete forms for construction?

MR. GRUENINGER: I would say no, as long as they carry the loads that they might be subjected to. In other words, you have wind loads, you have structural loads, and so forth. If they pass that, why, they should be satisfactory.

MR. DOUGLAS: *Do you think any of these structural standards are excessive for single-family houses?*

MR. GRUENINGER: No. They still would be worked out toward the same design load. Obviously a little more dead load as far as concrete but the same design factor would be involved.

MR. DOUGLAS: *Do you know of any local codes which discourage the use of prefabricated and concrete basements?*

MR. GRUENINGER: I think I can say I sure don't.

MR. DOUGLAS: *The next question: Do any of the national codes discourage the use of substitutes for plaster on walls, ceilings?*

MR. GRUENINGER: A substitute for plaster? Dry wall? We all permit dry wall.

MR. DOUGLAS: *Do I understand your answer is no?*

MR. GRUENINGER: That's right.

MR. DOUGLAS: *Does anyone wish to make a statement on that? Do any of the national codes discourage the use of electrical wiring contained within plastic pipes?*

MR. GRUENINGER: You mean as far as conduit is concerned? Normally, we speak of electric wiring in steel conduit. Are you saying would plastic conduit be allowed?

MR. DOUGLAS: *The wiring to be included within plastic sheaths.*

MR. GRUENINGER: I would say this, basically, would get back to the National Electrical Code on the NFPA level. I am not really prepared to answer whether that would be satisfactory or not. But I could say this: As far as they permit Romex, which is not a solid plastic, but a plastic material of some kind, I see no reason why they wouldn't allow what you ask.

MR. DOUGLAS: *Very well.*

MR. O'NEILL: *You mean the insulation on the wiring?*

MR. DOUGLAS: *Yes.*

MR. O'NEILL: *They all permit Romex.*

MR. GRUENINGER: Not a tube, as such.

MR. DOUGLAS: *There is permission to use plastic to cover electrical wiring — nothing wrong in that, is there?*

MR. GRUENINGER: You are speaking again on a national basis. You still have some local areas.

MR. DOUGLAS: *What local codes discourage, if any? Do you know of any local codes?*

MR. GRUENINGER: From the standpoint of the National Electrical Code, I would say that perhaps, maybe, four or five out of 96 entities in St. Louis County might require metal conduit, and this comes into the picture when you are above more than four families.

MR. DOUGLAS: *I thought you said there was no discrimination against plastic covering of electrical wiring?*

MR. GRUENINGER: This is with your plastic — wire already covered — and they are asking for greater protection. This building is wired with conduit, but the wires that are covered with plastic, again, or rubber, are inserted in the conduits. But in residential areas, very few would have this requirement. Now it is hard to pinpoint them, but I can say that almost 95 percent are working strictly on the National Electrical Code for the use of Romex. Isn't that right?

MR. FISCHER: Yes.

MR. O'NEILL: *If I may, this gets back to what John Fischer and Al Mayer both testified. And John submitted — it's in the record now — a list that adds up to over \$1,000 per house that is strictly the willful interpretation of the local building inspector and has nothing to do with the letter of the BOCA National Code, or National Electrical or Plumbing Code — it is simply willful interpretation.*

MR. DOUGLAS: *Are those individual instances or is that a common practice?*

MR. FISCHER: It is common.

MR. LYONS: *Let me see if I am correct: A combination of interpretation and local ordinances above the basic code — isn't that what you said — not only interpretations, but a combination of the two, or only interpretation?*

MR. FISCHER: I call local ordinances an interpretation because these local ordinances are on top of existing codes. They are using the basic BOCA Code.

MR. LYONS: *This is just a misunderstanding. I thought we were talking about local interpretations. You were talking about the individual inspector maybe using his own interpretation just a little bit out of line?*

MR. FISCHER: The majority of it is the individual inspector. I would say that over 80 percent of this cost factor was the individual inspector.

MR. LYONS: *The way he read the words of the code was just a little bit different than the way that you would consider a qualified inspector should read the words, is that correct?*

MR. FISCHER: Yes.

MR. LYONS: *And what most of them do?*

MR. FISCHER: Right.

MR. LYONS: *In addition to that, also, local communities pass ordinances or building code amendments requiring additional items?*

MR. FISCHER: Amendments.

MR. DOUGLAS: *How widespread are these practices by individual localities and individual building inspectors? Is this just a rare aberration or a common practice?*

Code Administration in the Small Places

MR. GRUENINGER: I am afraid this is the result of, let's say, again, smaller communities. They, again, might have a part-time man who

may be a professional and may not. So he is the inspector. As far as any of our men are concerned, they are told not to make any interpretations out in the field. If they get a problem, they come in with it, and we try to resolve it with the people that we have to work with, but they are not to make any interpretations. But we cannot control what happens in the individual areas except by doing what we were all talking about — getting into a considerable and well-planned and extensive educational program. And I might add, for the benefit of my friends, we are going to have to put a program on for the builders, too. They have asked for it.

MR. LYONS: *I think that is a well-taken point. If you get into this field — not to defend one side or the other, but, talking about the inspectors and the realities of what a local community does in its effort to protect the community by, shall we say, passing legislation that is more stringent than it should be, we cannot overlook the fact that all of this is really to protect the people who live there, based on our own ideas. And, unfortunately, all of the people who build homes are not necessarily the most honest or most qualified persons in the world, so these are the things that happened: a lot of builders took every short-cut in the world and were not interested in the product they sell or their reputation, but were interested in making a dollar. The construction industry, like every other industry, has that condition.*

I think we need in the record, now, so we get a clear indication of the general area we are primarily talking about with you three gentlemen of St. Louis County, that this is a county area made up of about 95 municipalities. What percentage of this area that we are talking about would you say is in individual homes in St. Louis County?

MR. GRUENINGER: I venture to say 80 percent, wouldn't you, at least?

MR. MAYER: A big majority.

MR. LYONS: *I would concur with that. I think that is important on the record, that we have this, when the staff looks it over. We are talking about an area in which 500,000 people live?*

MR. GRUENINGER: Over a million now.

MR. LYONS: *In the county?*

MR. GRUENINGER: Yes.

MR. LYONS: *A very small percentage of them are elevator or high-rise?*

MR. GRUENINGER: Yes.

MR. LYONS: *I think that is important when we put all of this together later on, to understand it. In the homes that you build, Mr. Mayer — you build around 500 a year — what price range homes are we talking about — average?*

MR. MAYER: I build two developments, one from \$17,000 to about \$24,000, and the other from \$25,000 to \$40,000.

MR. LYONS: *What would you say the relationship of the cost of land is? Is it somewhat on the average of nationwide relationship?*

MR. MAYER: I am not quite sure of what nationwide relationships are.

MR. LYONS: *Let me ask our authority, Mr. O'Neill, on what is nationwide.*

MR. O'NEILL: *Doesn't the improved lot come in about 25 percent of total in most cases? But in Southern California it gets all the way up to 40 percent in some cases?*

MR. MAYER: Right, I would say 20, 25 percent.

MR. LYONS: *What price range do you build in, Mr. Fischer?*

MR. FISCHER: We build from about \$20,000 to \$35,000, in three different locations.

MR. SHUMAN: *I would like to ask one question. If you build a standard house, say a \$22,000 house, in each of the 95 jurisdictions, with a standard set of plans, in how many communities could you build that house without having to make some basic change in it or some costly change in it due to the building codes? Could you build the same house in each of the 95 communities in this County, or would you have to go to a building code inspector in each of them and get approval and have changes made? What is the kind of situation you would face in trying to build the same house in each of these 95 communities?*

MR. MAYER: One, you definitely would have to submit it on an individual basis to each one of these municipalities; and, two, I would say that in the majority of them you would have to make some change — very few real major changes, but some change that would increase your costs.

Amateur Zoners and Planners

MR. LYONS: *Now, one other factor that I think is important to us. I would like to get Mr. Mayer's analysis of this. It is the community, as I understand it, that, shall we say, has had a development in it and has built four or five thousand homes in there that is resisting the expansion, trying to keep the fringes restricted so they can't expand.*

MR. MAYER: This is true. In other words, when you talk about the communities being St. Louis County, the unincorporated areas of St. Louis County, this is true. What happens is this: They come up to the zoning meetings. First, the man from the school board comes up and he maintains that they have tremendous bonding problems, so please don't allow any more building here because there are too many children who are going to the school. And then a group of individuals made up of semi-professionals form an association that makes some sort of an amateurish analysis of traffic based upon their going home from work every day and says that the roads are too narrow and that there are not enough recreational facilities, either, so do not allow any more homes.

They have influenced the Planning Commission and the Council to a degree, and the actual philosophy of our zoning ordinance, really preventing any appreciable expansion.

MR. LYONS: *Does each one of the 95, or do most of the 95 individual communities that are a part of St. Louis County, have authority to take such actions as you just described?*

MR. MAYER: You must understand that the 95 municipalities are in St. Louis County, but the St. Louis County that I am referring to is really the unincorporated area other than the 95 municipalities, and this is the zoning ordinance that I am referring to. Most of the municipalities are fairly well built up, and in the case where they are not, their views are not exactly the same except, generally. I think we need a clarification of the philosophy of zoning, because there is always a tremendous objection to everything, and it seems to be that the property owner or the builder is not entitled to a normal and practical, reasonable use of his property. The surrounding individuals and planning commissions feel that they are giving some sort of grant when they allow you to build on your property.

MR. LYONS: *What I was leading up to was, for the Commission record, as we look at it later on, would you judge this resistance to be, shall we say, the psychological or plain economic fact, that these people are pretty much up to their ears in the present cost of the home they have and they are scared to death of any increased costs if they expand further and they are just going to hold tight?*

MR. MAYER: I feel that the reason, the real reason and thinking behind this, is a complex problem — that the schools are crowded and the bonding capacity is used up. It requires a two-thirds vote to increase the real estate taxes, and the people, generally, do not understand what is the solution to this problem, so they see a way of stopping their school from getting another 25 kids and they say, let's not zone this for houses because it will give us 25 or 30 more kids and right now we have 30 in a class. You see, it really boils down to that.

It is a tremendous problem that has to be solved on either a Federal or statewide basis, and we are getting a distortion in these zoning practices because it seems to be the only practical way to cope with it. But I don't believe it is, really.

MR. LYONS: *Now, one final question on the subject of these ordinances passed by the various communities, aside from the basic code and the qualifications or interpretations of the inspectors. St. Louis County is an area known for freak storms. There was a tornado that blew down an awful lot of houses last January, and the pictures in the paper were almost shocking, showing short-cuts where the whole wall went — only one or two nails holding it. A hailstorm came through and \$20 million worth of new roofs had to be put up. Do you relate the local ordinances to some of the freak storms, after which they said, "We are going to make walls that stand up." Do you think there is any relationship there?*

MR. MAYER: I don't. I don't think that this was the case at all. One major thing that really hasn't been mentioned is that, to a large degree, you can't expect the builders who are individual businessmen, to

police themselves. And the inspection departments, by and large, are lacking in personnel because they do not get a sufficient budget to really inspect a lot of the work that is going up. The reason that a lot of people might get away with a lot of things is you just do not have the force to inspect these things thoroughly.

MR. LYONS: *A good builder won't try to get away, but there are some that will. Do you feel that this is why these communities passed legislation and say: "We will pass a law that says they got to do these types of things." Do you think that is part of this?*

MR. MAYER: I don't think so.

MR. FISCHER: Not to a very great extent.

MR. GRUENINGER: We don't believe that you are designing buildings or homes for tornado resistance. People couldn't afford them. What we found — and there was no real objection to this by the good builders — let's say, we found there were nails missing. You have to remember this — there is a tremendous pressure as far as these developers are concerned. They have to get their houses on the market. The workmen are on a constant drive as far as this is concerned. If they leave something out, they leave it out. There is no architect, there is no engineer, there is nobody in this room who can be on that house and watch every nail being driven. So, what we were basically going for was better adherence to the minimum requirements, or let's call them design requirements as Al would prefer it. We were told by a group of the homebuilders, "If they don't do it that way, make them tear it down." And this we have started to do. There is some screaming there, too, but I can say this, as far as inspection forces are concerned, they are the largest they have ever been in St. Louis County.

I have asked for the largest budget in the history of the department, which is to increase the number of inspectors to help these fellows. These men are telling you the truth when they say that they welcome good inspection. We are trying to give it to them as much as we can.

MR. LYONS: I think we have about used up all of our available time. But let me say that I thank you all on behalf of the Commission. And I am also very pleased, as a St. Louisan, to come back to St. Louis, after we have travelled all around the country. I think we entered into the most effective discussion of building codes we got so far. It impressed me that way. It was a very frank and thorough discussion of the subject.

MR. GRUENINGER: Thank you, sir.

MR. MAYER: Thank you.

MR. FISCHER: Thank you.

MR. LYONS: You are excused, and we will proceed with those in the room who wanted to make an oral presentation to the Commission.

Dr. Leroy Grossman? Apparently he is not here. Mr. Junius Cole, you may proceed.

Mr. Cole: Strife in Community Action Groups

MR. COLE: Mr. Chairman and members, I belong to a grassroot organization of the Yateman District, the very heart and the very core of the poverty-stricken area in St. Louis. Not too long ago — I will say about 13 months ago — a group of grassroot people decided that they would try to do something about conditions. We formed a nonprofit grassroot corporation. We met all the requirements of the State of Missouri. We have been officially chartered. We were successful enough to put our pennies and nickels together and we had taken a house about three months ago that you wouldn't have given \$175 for and the Housing Authority today appraised that house a little above \$20,000. Now, we have in St. Louis, also, another group that is known as the HDC. I know you are familiar with that: Human Development Corporation.

This group has done everything humanly possible to discourage, to hinder and block the progress of this particular organization. So, what did they do? They suggested to the people in the District to form another corporation known as the NAC, Neighborhood Action Committee. HDC has under its jurisdiction four jurisdictions in the Yateman District; so the citizens of Yateman District selected 15 people from each substation and they were scattered out. Not too long ago, there was held in Columbus, Ohio, a meeting of 14 cities to discuss the Neighborhood Service Center program, and to this meeting, the NAC, the new 60-man committee, sent four people. Also, to this same meeting, HDC sent some representatives, I don't know how many. I did not attend the meeting. HDC sent some representatives, as I said, and one of the people they sent said in a committee meeting that he had rigged the NAC election so as to defeat a certain organization in the Yateman District, namely, Jeff-Vander-Lou. This same person is aspiring to become the project director of the new organization — this Neighborhood Service Center — and as the representative of my group, we don't think anyone that resorts to those kinds of things is fit, qualified, or capable of administering or of even serving in such a capacity.

Since the agenda said that this was a President's Commission — National Commission on Urban Problems — we feel that this is a real problem and I think we need your help.

Ladies and gentlemen, this is about my conclusion. I might conclude by saying this, that these staff members of HDC, since this Neighborhood Service Committee has been elected, have tried to push their influence in this. They have tried to dictate and they were told before it was set up by the heads of HDC that once this committee is elected, you must keep hands off and let them follow the program. Let them select the committee. Let them form their own corporation with the consensus of a legal attorney. But every meeting we had, they muscled in and it has blocked the progress of the entire community. Gentlemen, I think that I would like to quote a Biblical proverb. As

the Apostle Paul said, he was happy that he was permitted to speak for himself. I want to thank you.

MR. LYONS: I hope that the Neighborhood Action Committees in St. Louis are progressing because I know we contributed financially that they get going. Mr. Harry H. Roberts.

Mr. Roberts: Slums as an Epidemic

MR. ROBERTS: Senator Douglas, gentlemen and Mrs. Smith, of the Commission. We shall know a tree by the fruit it bears. I am talking about the slums. With His divine guidance, we will recognize slums as a contagious and treacherous epidemic reflecting chaos and disasters on all humanity, and will emanate in complete chaos to all civilization.

Science must depend largely on the victims of an epidemic in their study, in devising a therapy.

I am a two-time victim of slums. I survived the first attack and completely recovered. Then I fled into one of the prime sections of this city. There I enjoyed a few years of what should be the pride and joy of every human being until the slums caught up with me. I have no hopes of surviving the last attack.

Therefore, I am offering myself as a guinea pig. I am now engaged in composing some sort of a publication carrying my experience and my suggestions. All therapies consist largely of preventative measures or stamping out causes. There are basic causes of slums; first, city halls, terrorism and, of course, litterbugging. Now, Walt Disney revealed to the television audience a city hall gas valve scandal. Now, I am not trying to top Disney. Neither am I endeavoring to take up more than death has taken him out of play. I am just fed up on the slums and I am going to stamp them out, rather than to pass them on down to the future generations. I thank you.

MR. LYONS: Thank you, Mr. Roberts. That will conclude our hearing this afternoon. The Commission has a tour to make, so we have very little time to waste, and we will reconvene tomorrow morning in East St. Louis. Excuse me. I see another person wishes to speak.

Mrs. Finch: Inspections of Rehab Property

MRS. FINCH: I am Mrs. Jacqueline Finch. I come from the Gateway District. I came with a group of people, and I am from the Gateway District at Union and Sarah. We have a very effective Labor Advisory Council. One area in this district — the Midwest Citizens Council — is involved in a rehabilitation program of concentrating investment. This group, the Midwest Citizens Council, in this area has about 10,000 residents. There is a group in the Midwest Citizens Council that is resisting letting inspectors in, because of its experience in the interpretation of housing code law.

Most of these residents have kept their homes up to par. They don't need government loans and they cannot see why they have to let an

inspector come in and roam all over their property. They feel this is an invasion of their private rights. Most of these people are from the Mill Creek area. They settled there.

They have complied with zoning law after zoning law. I think there is a fear from experience, and certain inspectors will go into an area and interpret the law the way they see fit. I am a victim of this. I lived in the West End area of St. Louis. My house burned down February 25; I just had a \$5,000 kitchen put in. Because of wiring, because of inspection laws, the writeup had just been made for the rehabilitation program. Many of these citizens fear this. They cannot pick themselves up by the bootstraps when they have been bled to the last penny. They just cannot do it. When the building inspector, when the Metropolitan Sewer District, when everybody is bleeding them, and sewers have been there for years, plumbing has been there, then suddenly when a neighborhood is taken over, all these qualifications have to be met, and met in 30 days, and so on, you just cannot do all of this and when you make less than the average person, it just is impossible. I have stayed here to speak for the group, because most of them had to leave, and I ask, when government money is put in here, that it be just used for what it is intended for.

MR. LYONS: Thank you. We will recess until 9:30 tomorrow morning.

(Adjournment.)

STATEMENT SUBMITTED BY D. REID ROSS, FOR ST. LOUIS
REGIONAL INDUSTRIAL DEVELOPMENT CORPORATION

There are a host of physical, social, economic and political barriers that impede the proper governmental response to finding methods for tying metropolitan regions into truly functional entities.

Somehow your Commission must identify what inducements the Federal Government can provide and what barriers it can remove to the development of proper responses by local and state governments to the complex problems that prevent the creation of decent homes and suitable living environment in the metropolitan regions such as ours.

The St. Louis region would be an excellent crucible in which to test your concepts. There are not only two states but 442 local government taxing jurisdictions that comprise the region, all of which must have a role to play in reaching the goal.

(Submitted and in Commission files: "The Merger of a Metropolis: Case History of the St. Louis Region," by D. Reid Ross and Leroy J. Grossman; "Centropolis or Metropolis," by D. Reid Ross, St. Louis Regional Industrial Development Corporation.)

East St. Louis

Commission Members Present: CHAIRMAN PAUL H. DOUGLAS, JOHN LYONS: RICHARD W. O'NEILL, MRS. CHLOETHIEL WOODARD SMITH, TOM J. VANDERGRIF

During a full day of hearings in East St. Louis, Illinois, the Commission probed the plight of a city with classic urban problems in high degree—with special attention to how officials and other residents (including the poor) assess the problems, and possible solutions. Inspections of blighted business and residential areas, and industrial areas, added further dimension to the view of housing problems, tax problems, and environmental conditions, including excessive air and water pollution.

*Lincoln High School
East St. Louis, Illinois
Morning, October 12, 1967*

FRAGMENTED CITY

MR. LYONS: First witness this morning is Mr. Robert Mendelson, who is in charge of the Metropolitan Affairs Program of Southern Illinois University. Mr. Mendelson, will you come forth? I will ask Mr. Fred Teer, Mrs. Wyvetter Younge, and Mr. Clarence Walker if they also would come up and take seats at the table.

We would appreciate it, since there may be a number of witnesses from the floor, if you tried to be as concise as possible. We'll commence then with Mr. Robert Mendelson¹ of Southern Illinois University.

STATEMENT BY ROBERT MENDELSON

MR. MENDELSON: I'd like to explain our role in East St. Louis first. In February of 1966 the East St. Louis City Council entered into an

¹ Research Associate, Public Administration and Metropolitan Affairs Program, Southern Illinois University, since 1966; Project Director for East St. Louis planning and renewal contract; co-editor of East St. Louis Model City proposal. Member, University City Planning Commission. Self-employed in real estate and rehabilitation 1953-64. B.S. in Business Administration, Washington University; Master of Urban Planning, University of Illinois.

agreement with our program, the Public Administration and Metropolitan Affairs Program of Southern Illinois University. This agreement provided that the University assist the city in the development of renewal policies and projects. Our interdisciplinary staff, trained in sociology, planning, political science, and public administration, undertakes and sponsors basic urban studies and engages in a systematic program of data collection, principally in the Illinois portion of the Greater St. Louis Metropolitan Area. The program also provides government and regional policy-making bodies with technical and consultative services.

I have extracted directly from the reports of our staff for this discussion in East St. Louis, and I will be happy to make full reports available to the Commission members.

East St. Louis Has Classic Urban Problems

Now, I'd like to talk about East St. Louis, which is the largest incorporated city in the Illinois portion of the St. Louis Metropolitan Area and second only to St. Louis in size. It has a political system separate and different from St. Louis and a long history of civic individuality. Though it does not play the role of a central city for the Illinois portion of the Metropolitan Area, and it is not merely an extension of the principal force in St. Louis, it is exemplary of the social and complex forces at work in older cities of established urban areas. Few cities have the classic urban problems to the degree displayed by East St. Louis. It is faced with mounting service demands while the resource base to support these demands diminishes. It is essentially surrounded by small urban areas that are for the most part satellites of East St. Louis. Many of these contain substantial segments of the taxable industrial wealth of the area. It is hemmed in to the extent that enlargement through annexation or consolidation is neither political or physically feasible. Its housing is old and inadequate and is continuing to deteriorate at a rapid rate. A large portion of its population has now spread to other parts of the Metropolitan Area for economically advantages. Issues of race and joblessness are significant in East St. Louis and are related to each other.

East St. Louis has suffered from excessive social and physical fragmentation and from too great an occupation of desirable land by transportation elements. Today more railroads pass through East St. Louis than any other city in the Nation except Chicago. In addition, six interstate highways systems bisect the city, as well as several state roadways.

Unemployment is high. Our study estimates that about 20 percent of the labor force is unemployed. The figure is even greater for non-whites, who comprise approximately 60 percent of the population. There is a predisposition to poverty where at least 50 percent of the household heads are in the operative services or labor occupations. While the community has lost some of its better educated and more

highly skilled residents, the demand for essential services has increased. The need for physical and social renewal has grown, and the financial capacity to do the job has diminished.

Let me give you some statistics indicating the extent of the problems in East St. Louis. The following figures are extracted from a 1964 comparison with other Illinois cities of 50,000 and over. East St. Louis ranked first in percentage of families with incomes less than \$3,000 — 30 percent. First in percentage of labor force unemployment — at least 20 percent. First in percentage of adults with less than eight years of formal education — 33 percent. First in percent of unsound housing units — 43 percent. And second in the rate of criminal offenses.

Within the next few minutes I will discuss a few of the community problems. I will confine my remarks to the fiscal and housing crises. The following fiscal report is quoted directly from a study conducted by David Ranney, formerly of our staff and now a professor at the University of Wisconsin:

During the past decade it has become more evident that many local governments are finding themselves in the midst of a fiscal crisis, with the demands for governmental services exceeding the revenues available. East St. Louis fits this pattern. For the past several years the city has been forced to borrow, under judgment-funding procedure, to meet its current operating expenditures. At the present time local debt is nearing its statutory limit, and taxes are being levied at the state-imposed maximum levels. Further, a high rate of tax delinquency is evidence that East St. Louis may be approaching its economic limit of tax burden. Even though the city has instituted a number of fiscal and administrative reforms, the situation in East St. Louis has not improved. The crisis is getting worse.

East St. Louis supplies services to clients who do not reside within its borders. For example, the National Stockyards, the Monsanto industrial complex, and many trucking companies use the streets and highways of East St. Louis, imposing considerable cost on the community without even considering the pollution or neighborhood fragmentation generated by this usage.

East St. Louis is a community with high and mounting service demands. The exceptionally low fiscal capacity and high tax effort is apparent in comparison with all other Illinois cities over 50,000 except Chicago, and this is contained in Dr. Ranney's report.

Incomes, Assessed Values Low

In 1959 median family income of \$4,800 is about \$1,300 below the average of the other cities. The assessed value per capita is also the lowest of all the cities, and far below the average. East St. Louis is making the highest tax effort of any of the municipalities in the State, far above most. Each year East St. Louis has to search for funds to finance growing expenditure levels. The fact is that East St. Louis has utilized over the years a series of stop-gap taxes to meet obligations but the long-run solution to its crisis is yet to be found. Each of these taxes made an initial impact but has failed to grow sufficiently to keep up with the increasing expenditure demands. The failure of revenues to keep up with expenditures is evidenced by the fact that since 1951

East St. Louis has not had sufficient revenue to meet current operating cost. To remedy this they have borrowed in the form of judgment-funding bonds. While this procedure violates all principles of sound financial management it has been a necessity for the past 14 years. The amount of money borrowed under the judgment-funding procedure has continuously grown. In the next fiscal year it is conceivable that the deficit may come close to \$1 million.

It is clear that an increasing proportion of property tax yields is being allocated to pay for local borrowing. This trend reflects the growth of the judgment-funding bonds. By 1975, if conditions remain the same or if the trend is established, over half of the property tax yield will be used to pay for borrowing. Quite obviously this trend is costing the city money for which it receives nothing in return. The future prospects of existing revenue sources in East St. Louis are not particularly bright. While many cities in the United States are faced with fiscal problems they at least have revenue sources that are stable and growing. Such is not the case in East St. Louis.

Particularly disappointing is the performance of the property tax. While the City of East St. Louis depends heavily on the property tax as a source of revenue its productivity has been highly unstable. One of the reasons behind the dismal performance of the property tax is the fact that evaluation has been steadily declining since 1960. Among the reasons for this trend are a general decline in property values, the continued exodus of industry from the area, and the large amount of land removed from the tax rolls by excessive highway construction within the city limits. While East St. Louis no longer has much industry within the city limits, industries at its borders continue to leave, causing a loss of jobs, lowered income, and the departure of industry-related businesses within the city. The future prospects of other revenue sources under the present fiscal system do not look much better. The yield of all these sources depends on personal income and/or the level of economic activity in the community. Given the present trends, neither income nor local economic activity is apt to be increasing significantly in the future. Foremost among these additional revenue sources is the retail occupation tax, which is in effect a sales tax. This tax is highly regressive — meaning that its burden is greatest on those with the lowest incomes. The regressivity problem in fact characterizes the entire local tax system in East St. Louis. This is particularly unfortunate in a community like East St. Louis where incomes are exceptionally low.

Dr. Ranney's point is that present revenue sources are not adequate to meet expenditure levels. To improve existing sources and to meet the social and physical needs of the residents will require huge additional funds. Without block grants or some formula based on need which will bring money from the State and/or the Federal Government, East St. Louis will never be able to solve its problems.

Serious Deficiency in Housing Inventory

I'd like to talk about housing now. Housing is a most critical problem in East St. Louis for there has been little change in the quality or quantity over the last 15 years. Existing housing is not being replaced and substandard housing is beyond the point of repair and rehabilitation. In this city of 82,000 only 29 permits for new residential units and 210 for remodeling and additions were issued in 1965. It is apparent that the decay and obsolescence of housing is only a manifestation of other social and economic problems which exist in East St. Louis. There is a low urban density here which could constitute a strong force in rehabilitation if so many of the structures were not beyond the possibility of restoration or rehabilitation.

In 1960 only 57 percent of the city's housing units were sound, with all plumbing facilities, and only 32 percent for the nonwhite population. In addition to the poor condition of many residential units, East St. Louis also has a low vacancy rate for owned and rental property, lower than the State as a whole, Illinois urban areas generally, the St. Louis SMSA [Standard Metropolitan Statistical Area] and the Illinois portion of the St. Louis SMSA. As a result of the low vacancy rate, the high single-family occupancy, and the generally poor conditions in much of the city, the residents have only a minimum choice in housing. To a large extent the creation of more dwelling units has been left to public housing. There are now about 2,000 units in operation and 700 more approved for East St. Louis.

Though there is adequate land available for new construction, the private development market has been sick for a long time in East St. Louis and soon public housing will contain about 15 percent of all the housing units. Even though the Housing Act of 1965 changes the concept of public housing from projects standing alone and segregated to a concept with construction on scattered sites with improved design, the stigma of public housing still remains. Our society must vigorously search for other housing alternatives which include homeownership for those families presently occupying public housing. There is no building boom in East St. Louis to say the least, and few new apartments and residences have been built in recent years. Scattered homes account for most of the 29 residential building permits in 1965. This small number is significant, for there is sufficient land available for a considerably larger number of housing starts. There are many parcels where 10 or 12 single-family houses could be constructed and a moderate number of much larger parcels. A possibility of code enforcement and urban renewal could create large land areas for private developments. However, private, profit developments are contingent on finances, expectation of profit, reasonable labor cost, and financial capability of prospective clients — none of which exists in lower income areas of East St. Louis.

Conventional financing and FHA-VA mortgages have been impossible to obtain in many parts of East St. Louis, with the result that

many homes are purchased on a bond-for-deed basis at higher interest rates and shorter payment terms.

In April 1966 the city requested us to examine housing needs and to develop community goals for housing. Our study revealed serious deficiencies in the city's housing inventory. To change this condition within five years we recommended an annual goal of 1,300 new and rehabilitated dwelling units. We also suggested various programs to achieve this objective. Over the last year and a half there has been little change in housing conditions. If anything, they are worse today. Ground has not yet been broken on the two nonprofit demonstration projects. These below-market interest rate 221(d)(3)¹ developments have been made feasible with rent supplementation. The Housing Authority may soon be ready to build several hundred units but this does not even compensate for obsolescence and depreciation over the last year and a half.

Private enterprise has made no commitment to East St. Louis housing, and few, if any, nonprofit groups have been organized in the community. I'm not sure how many units will eventually be built and rehabilitated over the next five years but it appears it will be considerably less than the original goal. I fully recognize the difficulties inherent in providing low-income housing. However, beginnings are being made in other places and there must be progress in East St. Louis. The present housing system just doesn't work; yet there are no magic solutions. However, I do feel that the following are essential in developing housing:

(1) Nonprofit groups must be provided with administrative assistance. At a recent housing conference at Washington University, speaker after speaker concluded that one of the biggest problems faced by nonprofit groups is the monstrous amount of administrative detail connected with these projects. Not having technical specialists available to them has resulted in delays, inefficiencies, and in some cases failure to complete projects. The Federal Government through the 221(d)(3) and 221(h) programs have established that nonprofit groups are essential; yet the effectiveness of these very groups is severely impaired because most do not have a professional staff to serve them. A competent staff could help get through the bureaucratic red tape, assist in acquiring options, arrange financing, supervise rehabilitation, coordinate construction, and relate the physical programs to tenant and owner social programs. Most leaders of nonprofit groups are not skilled in the complex legal and economic problems of the large real estate enterprise they are really trying to create. It is unrealistic to expect ministers, educators, physicians, et cetera, to understand such things as the money market or construction cost per square foot. The purpose of the nonprofit involvement in housing is not to make realtors out of ministers but to promote and create standard housing which will be supported by nonprofit groups over the length of their mortgages. Failure to have administrative assistance has not only impeded

¹ See footnote, page 10.

the progress of the Central City and Denverside groups but it has discouraged the formation of other potential housing sponsors.

(2) The second thing I feel should happen is that private enterprise must become involved in East St. Louis housing. Private enterprise does not have faith in East St. Louis. In many areas of the city, neither conventional nor government financing is available. No risk pools have been established to finance the construction or rehabilitation of low-income housing units. To my knowledge there have been no advances of capital for seed money to begin projects, and there is no mortgage money specifically designated for low-income housing ownership programs. Private enterprise has at times assumed a creative role in other cities. Sometimes the projects were completely financed privately, like in Pittsburgh, while other times Federal assistance programs were used.

(3) All forms of Federal and State assistance programs must be fully utilized in East St. Louis. For example, Section 23 leased housing, is an example of a program in which East St. Louis does not derive maximum benefits. Success of this program hinges in part on getting property owners to rehabilitate substandard units as consideration for a lease from the public housing authority. Housing units are leased from private owners at market rate and rented to public housing applicants on the basis of income. Naturally, the longer the term of the lease, the more enticing it becomes for the owner to rehabilitate his property. In St. Louis units have been leased for five-year periods, while the regional office of HUD has permitted the East St. Louis authority to execute only two-year leases. The two-year lease diminishes the possibility of a successful rehabilitation program.

(4) The last point I want to make is that housing programs must be coordinated within a framework of neighborhood redevelopment. This means that private and public programs must be combined in a given neighborhood, or perhaps on a given block.

The statement was made at a recent housing meeting in East St. Louis that the responsibility for low-income housing should be given to public housing, that the new programs of the Housing Assistance Administration of HUD are flexible enough to permit the local housing authority to almost fully handle the job. I do not agree either in practice or in principle. This philosophy places on the local agency the tremendous task of solving physical housing needs as well as solving social, economic, and integration problems. This philosophy also neglects the positive effect of homeownership on low-income families. Homeownership, as compared to public housing, can provide a stake in the society for those who need most to have a feeling of belonging. Public housing should be considered as only one part of a housing program which includes not only other Federal and state assistance programs but private ones as well. The total attack on East St. Louis housing should be planned so that whole neighborhoods are restored and revitalized rather than merely putting up a hundred units here and there.

Model Cities Program Can Help

For East St. Louis to be able to supply services for its citizens and to create a desirable environment, outside help is essential. I'm sure that one of the sponsors of the Model Cities legislation, who is here today as Chairman of your Commission, envisioned such help when he introduced the bill. The following is an excerpt from Senator Douglas' speech of February, 1966, in which he explained the rationale for the legislation:

In the narrow but still human sense the problems of cities are the problems of the poor, and to be even more exact, they are the problems of Negroes. In the cities the adult Negro is restricted to one-half the median income of that of the average white person. He has less than one-half the chance for full-time employment. His family is three times as likely to live in substandard housing. The children are more likely to have more crowded classrooms. The economic cost to cities of slums and blighted areas is staggering. Cities are caught in a descending spiral which leads to municipal insolvency. The continuing spread of blight reduces the taxable value of city and land, and as blight spreads, crime, delinquency, and disease follow. In these circumstances it is not surprising that the cities with the greatest blight problems have the least capacity to deal with these problems.

The Model Cities Program can do two things. It can help develop local competence to deal with major urban problems and it can fund programs which cannot be paid for out of present revenues. Technicians are sorely needed in East St. Louis: Medical specialists to design and administer health programs in a city where there are no free clinics; architects and planners to act as architects for the disadvantaged and to provide professional expertise to nonprofit groups; and economists/sociologists to establish a rational decision-making process and critically evaluate program effectiveness. This cadre of professionals could also be used to train local residents to take their place in the local government process. There are few economies of scale for cities having critical urban problems. East St. Louis needs almost as many people to face its problems as a city three or four times as large, and it does not have the resources under present conditions to hire them. East St. Louis could use full-time people just to apply to all possible Federal and State programs.

However, technicians are only a small part of the story. Large amounts of money are needed to benefit the residents directly, and technicians can only help rationalize the flow of this money. I would like to close with the hope that the Federal and State governments will be more responsive in ways which will permit cities like East St. Louis to create a desirable environment for the present residents and for those who might be attracted in the future. There are so many aspects of life in East St. Louis that I have not been able to cover in the allotted time. I'm sure most of them will be discussed by the future speakers. Thank you.

MR. LYONS: Thank you, Mr. Mendelson. Before proceeding further let me make a few announcements on procedure. The Commission will refrain from questioning until the four witnesses have made

their presentations. Then, at the conclusion of the questions, we will proceed with an allocation of about five minutes each for those in the audience who represent associations that would like to make an oral presentation. It's of necessity because of our time that we limit that oral presentation. However, those who make a presentation will not be limited to that alone; they also will be allowed to submit any written supplemental documents to expand upon their statement.

The next presentation will be made by Mrs. Wyvetter Younge of the anti-poverty program. She is a Program Research Specialist of the Economic Opportunity Commission. She holds an LL.B. degree from St. Louis University and is a lifelong resident of East St. Louis.

STATEMENT BY WYVETTER YOUNGE

Banks Won't Underwrite Low-Cost Housing

MRS. YOUNGE: Thank you, Mr. Douglas, and members of the Commission for inviting me to talk with you about the problems of low-cost housing in East St. Louis.

The problem in low-cost housing in East St. Louis is that there is no low-cost housing in East St. Louis. In spite of the very dedicated work of Fred Teer and Father Walker and the organizations they lead, none are close to a definite and certain reality as to low-cost housing here. Low-cost housing is an impossibility in East St. Louis because the six financial institutions are not willing to take the risk required to invest in housing for low-income people. The FHA is not going to insure loans in areas that are surrounded by railroad tracks like Rush City and Twenty-Sixth Street in East St. Louis where the fire hazards are so great because people are blocked off by tracks and trains that spend hours during the day engaged in a switching operation right here in town.

Rush City, East St. Louis, is an excellent example why the Federal Government must intervene with very unusual methods to solve a very unusual problem. In this small neighborhood of some 560 people most, or a great majority, are determined to remain where they are. The people of Rush City, just like the people of the South End of East St. Louis, have a right to remain. The people of Rush City own their own land, and the problems of the communication gap between the housing officials and the people must be resolved so that the will of the people will be carried out.

Monsanto Chemical Company must clean up the polluted air and chemicals. Monsanto must cease and desist so that this courageous group of people can exercise their American right to freedom of residence. I wish the Commission would tell President Johnson that Federal funds must be found to save the land and the homes of the people of East St. Louis, of Rush City, of the South End, and of the North

End, and of the Goose Hill area. If it takes 100 percent Federal financing, then a way must be found to keep hands across the river from gobbling up the land from my people, to keep the financial and real estate interests of East St. Louis from disposing of the poor, the deprived, the handicapped, and the aged because they have the finances and the expertise necessary to buy the land and to build the houses that Negroes now own. They would, of course, and they are planning indeed to buy the land and to build houses, high-cost houses for high-income people.

The problem of low-cost housing is that it takes five years to process an application because the bulletins and regulations require a Ph.D. in urban planning to understand them. Poor people don't have a chance when confronted with officials who appear just as confused by the regulations as the community people are. The problem of low-cost housing is that all the folks who have the responsibility for the housing developments have no understanding of the needs of the people. We have a need for space; we have a need for privacy; we have a need for the adaptations of the houses to our natural and hereditary background. We as a group primarily come from rural areas. We want lakes to fish in, stocked lakes. We want a place to grow a little corn, to have a little garden. We want a place to socialize. We want a place to have a tavern in the new neighborhood that is developed. We are tired of a debasing loss of dignity of the project type of living. We would say to Mr. Architect of your Commission, find out what our natural habitat is and then be guided by that. The problem of low-cost housing is that there must be one thousand sessions in East St. Louis where people can sit around the kitchen tables and have the housing programs explained to them so that we can decide what we want to do with these programs.

People Need Help to Plan Their Housing

And finally, the problem of low-cost housing in East St. Louis can be handled by this Commission's asking President Johnson to intervene and make available the funds through OEO for a top-flight team of architects, lawyers, designers, financial experts, construction experts, and 10 housing specialists to work full time in preparing applications for housing developments with neighborhood nonprofit groups who want to take part in the planning and the building of their own low-cost units. And you know why this must be done? It must be done here. We must take part in the planning and the building of our low-cost units because we are in a town where there are some 30,000 union members and less than 1,000 of them are Negroes. We are in a town where the building codes have been drafted for the benefit of the union members, and certainly they are out of reality with modern needs.

Put yourselves in our place, gentlemen. We are without funds, we are poor, we're without skills, and we lack the information but we

have the need. The problem of low-cost housing is our great need, and the lack of commitment by the financial, governmental, and local leadership to get the job done is the other part of the problem. For there to be low-cost housing in East St. Louis the Federal Government must produce a revolution in the housing field. You must bring to bear the labor-saving, the time-saving, the most experimental building materials, the most revolutionary financing methods and the outstanding talent in the field of housing to work on our problems here. These are my few suggestions as to how low-cost housing can be produced in East St. Louis.

MR. LYONS: Thank you very much, Mrs. Younge.

The next presentation will be made by Mr. Elmo J. Bush, a Board Member of a group called IMPACT, Assistant Principal of Lincoln Senior High School, member of the NAACP [National Association for the Advancement of Colored People], and active in local political affairs.

STATEMENT BY ELMO BUSH

MR. BUSH: Thank you very much. You failed to mention that I'm a defeated candidate in the last city election for Mayor of East St. Louis —

MR. LYONS: I didn't know how you wanted me to say it.

MR. BUSH: — Out of kindness for me. I apologize for not having a written statement. What I have to say must be given off the cuff. Having been in politics for some time now, off the cuff is not too uncommon to me.

I notice here that the reason for being in East St. Louis was to find out if there are any feasible plans on the horizon for helping communities which, like East St. Louis, have massive concentration of physical, fiscal, and social problems. It appears to me then that somebody has already identified that there are physical, fiscal and social problems in East St. Louis. The question here would appear is that: Are there any plans afoot to help this city?

Some not-for-profit organizations are attempting to start low-cost housing. At least two. One has some degree of success after many, many months of working on the problem.

Human, Political Barriers

The other has run into a political problem within the city; namely, members of the community where the housing project is planned are now saying that they don't want the Negroes there. That they want to keep it as it is. Now, gentlemen, the problem with this is that the man who leads the fight to keep this housing project from coming into

that community is a man who holds the position of city engineer for the city; so the political structure is behind the man that works for them, and this man happens to be one who works with the Urban Renewal Department. So the people of the city in their efforts to do something again are stopped, because the very machinery that's supposed to be doing it is the machinery that's keeping them from doing it. And this is the problem with them that are trapped within these foreign countries within the United States. While far away somebody is trying to solve problems and making money and facilities available, right within these foreign countries within the United States the machinery that is designed to help is the very machinery that's doing the job of obstruction.

Now, I am not talking about the machinery in terms of the process — which is difficult enough — but I'm talking about the very important element that is necessary for the accomplishment of any goal; that is, the human beings. And this always is a perplexing problem. No matter what you try to do, you come down to the human being, and how you change the human being. This seems to be the problem that faces mankind wherever. How we change the people to get in tune with what is trying to be done is something that I don't have the answer to, and I don't know whether you do either. But I do know here it becomes a problem, as I see it in this particular instance, for the local people to bring enough pressure to bear on the local power structure to remove the obstructionists. And this, of course, as I see it, seems to be the problem of the Federal Government as it attempts to do things on a local level — that somehow the people in the local level must be shown who the obstructionists are. Now, this is one problem with a particular housing problem here.

Negroes Have No Chance for Housing They Want

Basically as I see it though, it is not just a matter of building houses, it's a matter of what kind of houses do we put people all in? Multiple houses? And certainly people don't all want to live in multiple dwellings. They want to live in individual homes and there's no plan afoot as I see it that really touches the surface even for making individual housing available for people.

The truth of the matter is that Negroes in East St. Louis cannot be financed — even those making \$10,000 a year — for building a house within this city. The truth of the matter is if a Negro tries to move in a block where there are no Negroes he can't get financing. He can only get financing after some kind of real estate guy goes in there, buys a house, sells it for a bond-of-deed, and during the meantime gets a few deals all lined up; and as soon as he breaks the block then everybody else can move in. Now, most of the people moving in go on bond-of-deed. On one occasion the banker says, "If I finance this house for you going in here in an all-white block the real estate men are going to blackball me." The real estate man tells you, "If I try to

handle this deal going in, the finance companies won't handle my other deals." So the Negro who has money and has a job cannot get in.

Now, when you look at the individual houses that are being built, they are being built in the suburbs. You can go around East St. Louis and check the suburbs and find out how many Negroes who are making money are actually buying houses in those suburbs. Strangely enough there are none. Even by the law of accident somebody would be there. The truth of the matter is that they're being restricted from being there by financing.

The truth of the matter is there is a basic communications gap between white and Negro people in this country, and I would believe this problem is not just one of East St. Louis. There appears to be a public image that this is one country and one people. But when you empirically observe it, it is not true. Now, how we can bring Americans to live privately like they talk publicly is a matter beyond me. How you can get what we do equal to our Christian principles seems to be a matter that has perplexed the clergy, and it certainly perplexes me. The fact of the matter is that what we say in terms of our religious beliefs is not in keeping with how we actually believe. So it appears that our problem is one of trying to get this to be a reality, because evidently there are those who expect it to be so and find it not to be so. And consequently, when they look at most of these programs that are put out, behind it all, with the people who are running it, they find an attempt to re-establish the status quo with a new face.

For example, there is a plan afoot to redo East St. Louis, but I personally was told by a person very prominent in these activities that it would be desirable if the population of East St. Louis, as far as Negroes were concerned, was more in keeping with the national average of Negroes in the country. This would mean a city that is now 60 percent Negro will have to suddenly become a city that is 20 percent Negro. And he said that at some conference in Arizona of national urban workers. This was talked about, and that this would then make it possible for the private interests to come in because they would then have faith in the community, because the whites would be in the majority. Gentlemen, I reject this idea.

I believe if there are 80,000 human beings in East St. Louis, regardless of their color, that these 80,000 human beings can in fact build a viable community if given the resources to do so, and if they are normal, healthy human beings with blood and oxygen and a normal healthy brain. I believe that the training for these people can become available, and the resources for doing the job can be made available, and that if this is a city with more Negroes than white we can prove in America here that a city with more Negroes than white can be a viable community. And that if it takes innovative, imaginative plans to do it, then please do it. For if we set out with relocating Negroes in order to bring greater populations of white in order to have a viable community, all we would support then is the idea that only whites can have viable communities.

Problem of Training in Building Trades

Now, how do we go with this? It cannot be done as long as labor unions in the craft, for example, hold to the policy that programs like Manpower Development Training cannot train in the field of bricklaying, cement finishing, carpentry, planning — those things necessary to build. The Peace Corps has already found out when they go into these communities they must teach these people how to build. In East St. Louis, for example, there was a \$3.5 million Manpower Development Training Program funded to Southern Illinois University. I'm on the advisory board to that Manpower Development Training Program. We have for the last year and a half tried to get this program to train these youngsters to build — to be bricklayers, cement finishers — and we have met with failure. Now, we can train them to be waitresses, we can train them to pump gas into an automobile, we can train them to be hospital aides, nurse aides, but we can't train a boy how to lay a brick. Three and one-half million dollars spent out here to redo a whole plant that was given to the Government by the Aluminum Ore Company of America after they moved out, and we can't train one boy to lay a brick, to paint one stroke with a brush, to plaster with a trowel — all because somebody says this is an apprenticeship occupation. We already know that apprenticeship training only brings in less than 8 to 10 percent of the total new entries into the building trades. Yet they use this against us here.

Now, I ask you, what then becomes the mental picture to a youngster that sees himself being blocked from this kind of training? What happens to him when he sees a whole housing project go up in Brooklyn, Illinois, where it's in an all-Negro neighborhood and he looks out there and sees less than 3 percent of the workers are Negro. When you ask if there is any plan to handle social problems — if there is no plan to handle getting that guy on a job, then you've got no plan to handle social problems. If there is no plan to train him to go on a job you've got no program to handle social problems. You've got no plan to make this boy feel like a man. You've got no plan to put this man into his family in the true father image, and we might as well face that.

In terms of community services, if you took your bus tour throughout East St. Louis you found that East St. Louis was mostly dirt streets. You found it mostly had no sidewalks. You found that there were houses standing there with nobody living in them. You found that where they were living in them they shouldn't be living in them. You found that there were very few lights, that there were very few parks and recreational spots. You found yourself driving through what was a dead town two weeks after it was built, because the attitude at the time was that as long as those Negroes were building it over there, and they live over there, let them build it. You found over there no residential integrity, because taverns and any kind of junkyards were allowed to build up in the middle of it. The attitude was, it's over

there. Consequently, you get the low-income people, you get the juvenile delinquency, you get people with no pride, with low self-esteem, because that's all that's around them. We've built it.

The problem is: how do we change it? Well, I don't think if anybody wants to really change it this is a difficult problem, if the Congress and the President will stop playing politics and go out and get the job done. These people out there don't understand that dichotomy between the Congress and the Executive Branch and the local politicians. On the one hand you've got one politics in control in this local area; some place else in the country it's another, and by the time those Congressmen get through trading votes these people become lost in the fog. And programs that are good just keep getting held up and help up and people don't understand why, and they get more frustrated and more frustrated. If somebody can say to the Congressmen, take these people above all else and forget their local interests and think about the overall good of people across the country, something then can be done.

Job-Production Program Needed

I'm going to close with what I feel is a way. In East St. Louis there needs to be a major job-producing program. That job-producing program needs to envision the use of the people in it as the employees. Since private industry has a profit-loss motive then the Federal Government needs to come into the job production business, but hopefully one that will go out of federally sponsored programs and into a private business. This can be done by making it a kind of a cooperative ownership plan where the people who work in it are paid but are also owners of the corporation and can possibly, after a period of time, remove it from federally sponsored into the private sector of business. Since nobody's going to come into this area, then the Federal Government must come in and establish such businesses.

Now, what kind of business is feasible for this kind of market in this area is something that would take somebody with more business expertise than I. I could suggest one, for example, with all the national museums coming here, the Jefferson Memorial Expansion, you could come up with a souvenir production. Everybody who goes across the country finds themselves buying souvenirs made in Japan. Well, we could make a souvenir made right here and it could be done very cheaply and it could employ a lot of people and get to be a big business. That's just one example. This must be done.

In the terms of housing, we've got to cut the red tape, move in and get private housing. In terms of education, there must be going, along with the job production, training in the vocational trades. And the construction trades have got to stop being the preferred baby. It is giving us more trouble than any other single area.

In terms of community services the local government can use money from the Federal Government, but I'd say that there should be strings

attached to it. You should make sure that when that money is given to the local government it doesn't go to promote the political machine but it does go to build streets and to provide services, and there should be some kind of evaluation to make sure that it happens.

Importance of Police Relations

Lastly, in terms of social problems — you've heard it probably all over the country — the problem of police relations. You have heard all about what goes on between the local people and the police. I say that since there is a Federal interest involved, when law and order are involved what actually is happening should become the problem of the Federal Government. If it has to use its supersleuths to actually go out and spend time in communities to find out what are the true relationships between the people and the police powers within these local areas, it should make this information available to somebody who is responsible that can make the suggestion to the locals for changing. If failure to change, then make the information public. Thank you.

MR. LYONS: The next presentation will be made by Fred Teer,¹ a lifetime resident of East St. Louis, a product of the East St. Louis school system, a graduate with a B.S. and M.S. from the University of Illinois. He's presently Chairman of the Denverside Improvement Association.

STATEMENT BY FRED TEER

MR. TEER: Thank you. Honorable Chairman and distinguished members of the President's Commission on Urban Problems. Your presence in East St. Louis is most appropriate. You come at a time when we are in dire need of outside assistance. Like numerous other cities, our municipal problems have been compounded by vain efforts of militant young people to correct the injustices which engulf them.

Your invitation requested that I be frank, candid, factual in presenting any opinions as to the causes of the problems which beset our community. I consider this opportunity not only a signal honor, but a civic responsibility. My observations stem from the experiences of living, for 50 years, in the ghetto-like south end section of this community; and let me hasten to say I live here by my own choice. These experiences lead me to state categorically that segregation, racial prejudice, and bigotry are fundamental to the cause of almost every one of our diverse problems.

¹ Member of Human Relations Commission of East St. Louis, the Mayor-Citizens Advisory Committee, the South End Citizens Advisory Committee and the Board of Directors of the National Association for the Advancement of Colored People.

Un-democracy at Work

The white populace of this city has fabricated throughout the years a power structure that holds this community in a vise-like grip. Statistical data show that the Negroes, although they constitute more than 62 percent of the total population, have few, if any, positions at the administrative level — policy-making positions in local government, the school system, the housing authority, public aid, or with the Chamber of Commerce. Even the recently approved Urban Renewal Program, which is designed to alleviate the housing conditions of an area solely occupied by Negroes, at this time does not employ a single Negro at the policy-making level. Arbitrary decisions, therefore, are made by unqualified persons, and handed down for implementation.

The affected parties — the Negro population — then must dissipate its energies in efforts to make changes. These efforts have been all but futile. This community has run the gamut in techniques of protest, demonstrations of all kinds, sit-ins, marches, picketing, appeals to the City Council, the Board of Education, the Housing Authority, and regrettably, even resorted to violence, militancy; but as yet there have been few significant changes.

I would point out to this Commission that such an area will not tolerate perpetration of the status quo, the continuance of a community structure which renders them powerless to give direction to policy that affects their existence. Gentlemen, this community structure violates the fundamental concept of our democratic process wherein the majority rules, and we are the majority.

Perhaps you are inclined to label my observations as generalizations — generalizations that might be characteristic of any community with a heavy concentration of a Negro minority — and I hesitate to disagree. There is, however, an abundance of evidence which will clearly authenticate my contention. For example, the mass exodus of whites is a clear indication of pure, unadulterated bigotry. The disparity in personnel hired at policy-making levels is pure segregation, and I defy anyone to raise the issue of qualifications. I am a victim of the power structure's disdain for qualifications. Only where the best interest of the white community is at stake does the matter of qualifications mean anything. For Negroes, expediency dictates the course of procedure. Segregation and discrimination prescribe the policies of local unions, and you have heard how they operate. For years unions have deliberately excluded Negroes, and as a result respectable job opportunities for our group are all but nonexistent.

Tragically our public school system has failed to step into the breach. In this age of technology our local high school is incapable of training our youths for anything other than college preparation. Such a vacuum then produces poverty, precipitates ghetto-like conditions, enlarges the relief rolls, destroys the fiber of the people; and in brief, gentlemen, it compounds our problems.

The Housing Part of It

In spite of this all but hopeless maze of problems, I have addressed myself to one in particular — the area of housing. The South End for as long as I can remember has been considered an extreme financial risk. Hence, lending institutions have made only token investments and these were solely for the purpose of exploitation. There has never been any attempt to enforce codes or zoning ordinances, and so the area has just grown at random.

All of a sudden our location — being the “back door” of the Gateway to the West — lying in the very shadow of the famed Arch, make us important. Capitalizing upon this set of circumstances, thanks to the untiring efforts of the Chairman of this very Commission, Mr. Douglas, and other conscientious public servants, we were able to secure a 221(d)(3) grant¹ of \$1,200,000 to build 86 units, cut now to \$990,000 — a loss of \$300,000 which places in jeopardy a \$92,000 rent-supplement grant. All because we have been unable to secure the cooperation of the local school board. Our elation over the prospect of implementing this small but significant effort has been besieged with problems all along the way. We have hurdled obstacle after obstacle, but always there seemed to be another straight ahead. I sincerely believe adequate housing to be fundamental to the solution of many of our local problems. A decent home can change the total outlook for poverty-stricken people.

I do not subscribe to the concept that our people are incapable of living in and taking care of decent homes. Before being removed from the position of supervising adult education in schools I had envisioned a program to coordinate better living along with construction of housing in our area. We had planned to prepare all the students to work in the construction of these units. Work, mind you, for which there would be training administered through the facilities of the school. Such a program would have been a real breakthrough. But here the power structure, even in the face of determined protest on the part of the citizens involved, thwarted the program by simply ordering my removal.

Community Participation in Housing Production

I am still determined, however, to secure for this area decent livable homes at prices people can afford to pay. The problem of the Denver-side Association is in acquiring the land. It is a problem because appraisal values are based upon marketability factors, which are negative in the South End. Where the Negro is concerned, his property — some of it not being insurable — is simply worthless, but these properties represent homes, residences where people are presently living. For the amount offered originally the people who would be displaced

¹ See page 10.

could hardly afford moving elsewhere. The FHA office recognize the mitigating circumstances and is presently attempting to work out adjustments.

Gentlemen, we need desperately an additional \$40,000 to speedily resolve our current impasse. This I believe, can be accomplished by a cash grant, or by altering the rules so that additional funds are allocated for land acquisition in the area under discussion. Implementation of this project will serve as a stimulus to our entire community. It would represent the only Negro enterprise of a major nature operated and controlled by our ethnic group. It would provide jobs for which we would not have to picket and demonstrate for our fair share. If the school district could be persuaded to act in the best interest of our impoverished masses it could provide a coordinated program that would lift the hopes and aspirations of the so-called impoverished groups in our community.

Federal interference traditionally has been a source of complaint by local governments, but *when local communities have demonstrated their inability to correct situations, our only recourse then must be the Federal Government.* It is most fitting that you have come here sirs. I am hopeful that your presence will *stimulate at least our local structure to take a more realistic look at the problems and, hopefully, make a more determined effort to alleviate many of them.* And gentlemen, *time is of the essence.* This community has been studied and studied, perhaps more in detail than any I can think of, and yet we still stand at the crossroads. We are desperately in need of Federal aid in all of the areas mentioned herein: Segregation, fair employment, jobs, and most significantly, housing.

The Denverside Improvement Association take this opportunity to solicit your support in helping to resolve our local financial impasse. We believe that implementation of this project will do much in eliminating many of our current problems.

I would like to add, as to the matter of low-cost housing, I do believe low-cost housing can be a reality if we but profit from experiences witnessed in other areas. For example, Watts, destroyed by riots, today has a thriving enterprise where 437 people are presently employed — people who were heretofore not employed — producing materials and goods, and the community has taken on a new life.

In Philadelphia, Reverend Sullivan has a cooperative group that is producing housing at low cost. People are living in them, they're helping to produce them and there's a sudden life born anew in the City of Philadelphia.

In Atlanta, Georgia, Negroes are thriving in the trades, in Houston, Texas, even in Chicago, Reverend Daniels has a terrific project going where people are building houses to meet their needs.

How can this be done? The not-for-profit organization which involves the total community is an excellent vehicle. This community has the facilities, but we are not putting them to proper use. We have the EOC Program. Here we have the capability of teaching, training people in social and cultural values to uplift themselves and look for

a better life. We have the adult school. It complements this program. It has the capability of teaching people to construct, to build. As the speaker before me indicated, the people can be taught to build the very houses which they live in, once we can break the impasse of the unions.

And then we have a sympathetic university, a university which has placed its resources at the disposal of this community. Since we have talked so much about expertise, I think the university here has sufficient expertise, and it can be lent to this community or borrowed perhaps to help out in any area where help is needed. And most important, we have an aroused community, a community that wants to elevate itself, a people who want now to taste the fruits of this Nation's affluence. However, with the current personnel in the driver's seat, in control of policy, a personnel which caters to the dictates of a prejudiced minority, the suggestions I make here cannot get off the planning board.

I believe that a Federal Government which has the capability of waging global warfare — Vietnam as a specific example — a government that has the capability of coming to the aid of impoverished people throughout the world, a government which has the capability to restore war-torn Germany, atomic-bombed Japan, a government that has the capability of putting men on the moon in the next few years, certainly if it sets itself to the task could find the wherewithal to solve the problems facing its cities, especially here in East St. Louis.

I ask you, gentlemen, to weigh very carefully the dissertations given here. The connection between St. Louis and East St. Louis is a real one. Statistics indicate this to be truly the Gateway to the West. The inherent value of the land on which we live now, with its proximity to the Arch, has led many of us to believe that in the not too distant future when the land is cleared the developers will be asked to come in and buy off at auction, or perhaps by bid, huge chunks of land. It will be developed in a manner that will really carry out the heretofore negative, traditional concept of urban renewal and, gentlemen, that simply means Negro removal. I would hate some day to be one of the displaced, and then bring my kids back to this affluent area to look at all the marvelous changes and simply say, "Negroes used to live there."

We are here, and with the help of the Federal Government I believe we can stay, and this is the desire of the members of the Denver-side Association, the desire of all the property owners who live in the south end of this community. We see a future ahead that is great and we would like to sit on our porches and gaze at the sun's rays as they bounce off the gleaming Arch. Somebody said we weren't culturally enhanced to the point where we could appreciate our location. I deny it, and I proclaim again, this is the land of our birth, our home for 50 years, and although we live in poverty, now that the opportunity comes to develop it, we certainly ask your help in allowing us to stay. Thank you.

MR. DOUGLAS: Ladies and gentlemen, I would like to have the privilege of introducing a distinguished citizen of this region who is known nationwide as one of the great dancers, Miss Katherine Dunham.¹ Miss Dunham, would you step up please and would you say a few words to the group?

STATEMENT BY KATHERINE DUNHAM

MISS DUNHAM: Yes, Senator. As an outsider who is inside, I feel really a member of this gathering here, and you have made me feel so by accepting me into your society with trust and giving me some reason to hope that I might be of use to you. Listening to the statistics I feel somewhat like a friend holding the hand — or I should say the little finger — of a patient while the doctors consult and the patient dies. I hope that this patient is not going to die, although everything seems to be against this hope. When people live in hopelessness they become demoralized, and they become hardened if they are frustrated over and over. I'm saying this not for you but for those people who should take some heed or be warned by what could happen in this community. I believe, being in the presence of an honorable gentleman from the same university — the University of Chicago where I went — that perhaps one of our strongest characteristics in those days was tenaciousness. Another one was a great dislike for social injustice. I think that these are the things which have led me to stay in this community and to try and experience what you experience from injustices, such as being denied legal counsel while in jail, protesting that same denial to the youth of the community. Seeing things happen, I have very little voice, but I do what I can do and I am so pleased that Mr. Bush said we must think about the people.

I am not a part of the political structure. I can look at it with shame, but I can do nothing about it. But I feel I can do something about people, and that is what I'm trying to do — not just as a dancer, but as a humanist, I hope, and as someone who has known these problems and who is able to know some of yours. The youth here, these "wicked" young people of IMPACT and of the city are no different from the youth the world over. The only way that they are different is that they are more patient. Sometimes I don't understand how they haven't done more destruction than they have done. This is not to encourage them to do it, but to say that I deeply understand what your problems are.

There is one thing that we can get accomplished in meetings like today, and that is to let the rest of the Nation and the rest of the world know what is happening, because I cannot believe that the

¹ Dancer, choreographer, writer and teacher in dance, performing in this country and abroad. President, Katherine Dunham School Cultural Arts, Inc., New York City. As Consultant on Cultural Affairs, Southern Illinois University at Edwardsville, directed Pilot Cultural Arts Program of the Economic Opportunity Commission, East St. Louis, summer 1967, following similar program instituted by her at East St. Louis branch of SIU as part of Experiment in Higher Education supplementing studies with courses in creative arts.

entire country is without conscience. I think we need people who know that they show the love of their country in showing its ills, not in covering them up. I think we also need people who have courage enough to believe in what they're doing, to find some sort of self-image that they can follow and, hopefully, that is not destructive.

Our work here in cultural arts I believe was of great use to the community during the summer if for no other reason than that we were able to communicate. Those people who are coming in to administer to the ills I think should come in and live in the community. You cannot know from the outside, and until you know everything about your brother you are not of his kind. I believe my five minutes must be over. Thank you.

MR. DOUGLAS: Well, thanks very much, Miss Dunham. We're very proud of Miss Dunham. She's not only one of the greatest dancers of the world but she's also a Ph.D. in anthropology at the same time, and that's a combination which is seldom found. Thank you very much.

MR. LYONS: Continuing with the hearing, in accordance with the normal practice of the Commission, we will ask questions of those who presented the formal papers. Let me say this, that in view of the large number in the audience who desire to participate by making an oral presentation I think it's in the best interest of time that I limit the Commission members to one question each to the panel—a broad question, so that we can move into the other area.

Before doing that let me advise all of those in attendance that the Rev. Lawrence Walker, who most of you know is the Staff Director of the Central City Organization and President of the Central City Homes Association of East St. Louis and who had intended to make a formal presentation, is unable to attend because of a cold. He has sent over his written presentation and I'll turn it over to the staff for entry into the record and later review.

Prepared Statement by the Rev. Lawrence R. Walker

The seriousness of the housing problem in East St. Louis is painfully clear to even the most casual observer and even more apparent to those who live in substandard dwelling units in this city. Mr. Mendelson was to outline the statistics for the housing of the City of East St. Louis. It was with this information in mind and with a strong conviction that something must be done that Central City Homes Association was born. Incorporated under the General Not-For-Profit Act of the State of Illinois, Central City Homes Association is composed of the Episcopal Dioceses of Missouri and Springfield, Illinois, First Presbyterian Church of East St. Louis, and Central City Organization, a grassroots community organization of persons within the central city area.

The intent of this young corporation, now almost two years old, was, and is, to make a contribution to the solving of the East St. Louis housing problem by building new homes for low-income persons under the rent-supplement program. A program was put together and, in 1966, we received an allocation of rent-supplement funds—\$54,000 per year—one of the first in the country. Since that time, we have formulated plans for more new units under the rent-supplement program as well as exploring a large project under the new 221 (h) rehabilitation-resale program.

However, one fact became very clear from the outset in our endeavors: we simply could not build our housing units for the normal market rate interest and the conventional rent schedule as outlined by FHA under the rent-supplement program. Construction costs are simply too high. We found that we could not build under the conventional limitations—\$8,722, at basic rent at 93 percent occupancy

— or with a higher rental schedule — \$10,900 at 93 percent occupancy. We had to go to a below-market interest rate program — 3 percent — to be able to even come close to matching construction costs with program limitations. With only 5 percent of rent-supplement funds able to be allocated to below-market interest rate programs, the likelihood of receiving any further BMIR allocations is extremely slim. So this makes any further program of nonprofit low-income housing programs under rent supplements almost a dead issue. One more possible solution for the building of low-income housing in East St. Louis is made unworkable.

Now someone may ask: "Isn't this because the rent-supplement program is unworkable?" However, it does not seem to be rent supplements which are unworkable, as they are working elsewhere. Rather, it would seem to be high construction costs and other related labor problems that make new residential construction in East St. Louis not economically feasible. Certainly there is no building boom in construction in East St. Louis, with only nine building permits issued in 1965 for new residential construction. It is not only the nonprofit groups that are not able to build, but private enterprise as well who cannot see East St. Louis as a good risk for residential ventures. A recent study showed that the St. Louis area building costs are among highest in the country, and costs are about 25 percent higher in East St. Louis than in St. Louis. These high costs are, in my opinion, partly a result of low productivity and featherbedding, partly a result of jurisdictional disputes resulting in work stoppages, and partly due to antique methods and not allowing new time-saving techniques to be used. Certainly the use of various prefabrication techniques would greatly reduce construction costs.

However, I might also say that there appears to be a trend among the unions in East St. Louis to seek ways for better cooperation and productivity with increased activity in mind, thereby creating more work for their members. I personally view this apparent trend as most encouraging and hope that it continues.

If East St. Louis is to ever have decent and standard housing for its residents, it must be produced as a cooperative effort between private enterprise, the unions, the Federal Government, and nonprofit groups. The need for housing is great. All groups involved must cooperate, and new methods and techniques must be used in order to get the job done. With all persons cooperating for the common good, East St. Louis will be rebuilt and will take its place as the gateway to the West.

QUESTIONS BY COMMISSION MEMBERS

MR. LYONS: Let me commence with Commissioner O'Neill.

MR. O'NEILL: *My one question is directed to Mr. Fred Teer. Mr. Teer, something has not happened in East St. Louis which should have happened. That is, it would appear on the surface from what you said that the Negro majority in East St. Louis has failed to use the votes to change the political power structure, the local political power structure. In other words, to use the vote to get Negroes in policy-making positions in the local power structure and also using the vote to change hiring practices in East St. Louis. Now, why has this not happened, when it would appear on the surface it should have happened?*

MR. TEER: It's a good question. I think the answer is obvious in this community where the economy is at such a low pitch. If a fellow wants a job he's got to be affiliated with one of the representatives of the power structure. Political jobs are the backbone of this community. At times this community has been so notorious you couldn't get on relief unless one of your precinct committeeman recommended you to one of the agencies. People can guffaw at that but I can produce people to tell you this is the way it is! The housing project directors who are present may take exception to my remarks, but I know people who will tell you that you've got to know somebody if you want to get

in the projects. Such a recommendation will get you in much quicker. The people who control giving city jobs give them on the premise that you must be with your organization; so we have elected leaders in the community who are dependent upon the power structure, and they in turn influence the voters who perpetuate those in office who give "benefits."

Now, if there were more jobs — widespread employment where people could make an independent living without coming through this channel — I think the change would come overnight.

MRS. YOUNGE: I would like to add further, if I may, that I think we will have to totally re-examine our concept of general assistance, because I am quite sure at this point it is a political instrument that is used to disseminate fear, and is against every principle of democratic process that we believe in. The people in East St. Louis are married to a machine type of operation which I think really gets to the very heart of the breakdown in our society. We have to remember that 70 percent of the population of the 60 percent which is nonwhite is of the ADC [Aid to Dependent Children] recipient group. This is another very definite factor in the political climate of our town and with those two specific —

MR. BUSH: Let me give you a case in point, something factual. I'd like to add something. In the last city election, for example, where I was a candidate, it was shown that relief workers, people who were what is called the ADC group — a man living with his family, who has to do so many hours per month in order for his family to continue to get their checks — were actually used by the city in tearing down houses, by men who were getting paid to have the houses torn down. Now, if the guy refused to go out there and work he was going to get cut off because he was going to be reported as failing to report for work. And he was being used to tear down houses while men had capital gain as a result of it. Now, that's Federal money coming to a local government for our welfare, and it turns out that these guys who are out here working are working under a politically appointed foreman and these are precinct committeemen. Now, if this guy doesn't do what this politician tells him to do he's going to be reported as not coming to work and end up off his job. Now, gentlemen, this is what I call slave labor, and the Federal funds and State funds are being used to support a political machine that will use this method.

These are people in poverty that are being used by the welfare state to support corrupt political practices and, gentlemen, what happens to the mind of a man that has to succumb to this kind of treatment? And that is going on in East St. Louis.

MRS. YOUNGE: And what about the other 30 or 40 percent?

MR. BUSH: In addition to that, these facts are known publicly. Some of them have been submitted to a Grand Jury, and yet nothing has been done about it. So then, when this person goes out, the politician tells the guy, you can yell about it if you want — nothing's going to be done about it. This is proof that nothing is going to be done about it.

So what happens to the man? He says, "I better go along with it or I'll get my neck chopped off." So they teach them the lesson: This is the way. So when people look and see him going along doing what the power structure says, you say, "What's wrong with this guy? Why don't he better his condition?" We've taught him not to.

MR. VANDERGRIFF: *I appreciate all of the testimony this morning. It's been most enlightening. And I only wish time permitted me to ask many questions of each and every one of you. I do hope that after the session formally adjourns we will have that opportunity. Despite the inability on our part to ask very many questions because of time, we would like the record to show that this does not indicate to you or to anyone any lack of interest or concern on our part. We're very interested that you believe sincerely that this is a meaningful exercise on our part. The President would not have named our group unless he was sincerely concerned. We would not have accepted the responsibility to go into the streets of this country unless we ourselves were concerned. And, Mr. Bush, you made in my judgment a most meaningful statement when you said that all of us — and this includes all of us — must act in such a manner that our conduct does conform to our religious beliefs, that we do feel in accordance with those religious beliefs, and I can assure you these are the sentiments of this Commission.*

Now, there are so many problem areas, and yet it seems that basically, in terms of East St. Louis's ability to act in those problem areas, there is a tremendous deficiency in terms of finances. When you speak of a million-dollar deficit approaching on the horizon for East St. Louis, this is a most frightening thing to hear.

Mr. Mendelson, my question may have been asked by many who are more familiar with your local scene. I am very sorry if this seems too naive or too uninformed. I hope you will forgive me — having come from so far away — and let me ask the question:

Have the industries nearby been approached in these terms — for payments in lieu of taxes to a troubled community where obviously many of their employees reside? Or has there been any consideration given to de-annexation, if you please, by East St. Louis of certain residential neighborhoods so that they could be incorporated with an area where there is a considerable tax base? I'm not speaking of the entire community at all. I'm simply speaking of where there is an isolated residential community that in reality is much more directly related to an industrial city or community than it is to East St. Louis because of railroad connections. Has there been any thought in this regard, where certainly there would immediately be a financial capability on the part of the resulting community after incorporating a larger area to act and act swiftly in terms of residential improvement? Do I make myself clear?

Industrial Tax Shelters

MR. MENDELSON: Yes, there are a lot of questions. But let me try and answer them one at a time. These communities — and I talk of Monsanto, Illinois — were set up as tax shelters. They are basically composed of industry, with maybe 100 or 200 residents. In Illinois you'd need approval of that community to be annexed. They get a tax shelter, and it's highly unlikely that they will come into East St. Louis. I doubt if they could care less, really. Not only do they not pay taxes to East St. Louis but they contribute pollution. American Zinc also, and at the northern end we have National Stockyards, which is also a community of 100 or 200 people which is a tax-sheltered industrial community. No, they won't come in, and East St. Louis can't annex them. In fact, some of these industries are leaving the area, and the one thing that they did provide to East St. Louis was jobs. Many of your packing companies are leaving the area, and I think the trend for industry generally is to leave. Monsanto had an opportunity to build their campus-type research and world offices in East St. Louis or at best in St. Louis, near their industrial complex. They chose to move out into a suburban area of St. Louis. So I think that the responsibility of industry has to be improved to say the least. I hope that answers it.

MR. VANDERGRIFF: *Yes. There has been no thought at all, however, in East St. Louis, to de-annexation of small areas to incorporate them with an area where obviously there is ample tax base to do any and all things. Is this financially, physically, politically possible in your judgment?*

MR. MENDELSON: I don't think so, no.

MR. BUSH: It is politically impossible. I'm a member of the St. Clair County Board of Supervisors, and it's politically impossible. No. 1, most of these communities are for the most part white communities which would not accept. For example, Sauget [the incorporated area including Monsanto and American Zinc] would be accepting the south part of the South End of East St. Louis, primarily Negro, and its low tax base. They would simply scream, "We're getting property that would lower our tax base." And, of course, they would not accept that.

Since I was a kid back in the 1930's, every street that has been paved through the south end of town has been paved with State fuel tax funds; and only and solely because of that industry on the outskirts of town, to provide transportation for the trucks going to that industry. It had nothing to do with the people that lived in the area that those streets pass through.

A case in point is that they didn't even provide sidewalks for the people to walk on, as they built the streets right through, you see. On some of those streets you'll find holes in the corner that would make you think there's storm water sewers there. But the holes are just there to say whenever they come along and put sewers there, they got a hole for the water to go through. The purpose of the streets is to give truck

transportation for the industry. That's been the attitude of the industry and the power structure, going along with the industry, to say we want this industry within our city, and the resulting belief of the people that live in that area is reinforced — that they don't really care anything about us.

Some Communities to Be Looked at Inside Out

MRS. SMITH: *We're talking about the south end section known as Rush City and talking about ownership there and the pollution from Monsanto and the railroads. We have seen it. Most of the houses must be rebuilt. Did you say you felt it could be rebuilt?*

MR. BUSH: I believe it should be rebuilt. There are all kinds of problems there, but there is 60 percent ownership of the land by the people who live there. There is a large population of elderly citizens who want to stay there. And I think that from the standpoint of its location and its closeness to the river it is a prime place. I think that perhaps the houses can be built on the back of the lots and then when they're completed, the people can move from the houses they live in into the new structures. Certainly it will have to be totally rebuilt, but there isn't new housing or adequate housing available any place else in the city for them.

MRS. SMITH: *But could something be done to trade off comparable amounts of the land elsewhere, and then gradually move there? It seems to me an unhealthy place, not a place you would pick as a residential area.*

MR. BUSH: Do you mean that you think it's unhealthy because of Monsanto?

MRS. SMITH: *That, plus noisy highways, railroads. It is not a residential place that you would go out and select.*

MR. BUSH: We're doing some planning with the neighborhood people in Rush City. We've been requested by the city to plan with them, to look at the neighborhood again and I think we have to look at planning a little differently when we come into East St. Louis.

The middle-class building codes are no longer applicable here because if we apply them, 20 percent of the community is going to be torn down. So we have to look at a place like Rush City from the inside out. The people down there certainly don't call their area slum, and certainly in the northern four streets vegetation can be grown on them. I think it's the southern three streets where American Zinc kills most of the vegetation. The homes are such that the people can afford. The people want to stay, and so we have to apply different kinds of values. I'm not so sure, with the low incidence of crime down there and with the type of stability and tenure of residency you have in the South End, that maybe you shouldn't be looking to trade off others which seemingly are more stable middle-class communities but which don't have the incidence of homeownership. We did a study of the

Central City area of East St. Louis — 15,000, 17,000 people. Thirty-five percent home ownership. Down in Rush City it's 80.5 percent.

MRS. SMITH: *With all of that, physically it seems a dangerous place to live.*

MR. BUSH: To you and I maybe.

MRS. SMITH: *Well, as far as health goes. Thank you.*

MR. LYONS: Let me call next on the Chairman of our Commission and distinguished citizen of Illinois, Senator Paul Douglas.

MR. DOUGLAS: *Well, there are so many people who want to speak from the floor and our time is so short that I think I should waive any questioning.*

MR. LYONS: Let me only make a brief statement and ask a question in the area of jobs. I am tremendously shocked by the presentations here today. As a citizen of St. Louis over many years, having come back and forth and having worked in overalls in East St. Louis from 1937 to 1943, I thought I knew the area, and apparently I don't. Apparently an awful lot of changes have taken place. It's a very tragic story we've heard here today. And, of course, one of the very difficult things is, regardless of the desires of people to work together to help each other, and the basic philosophy that those that do have must help the poor, which is the philosophy of America, these things aren't going to be corrected overnight, which is the tragic part of what we're talking about today.

Now, it didn't come through clearly to me as to whether jobs also are leaving the area. What are the facts on that aspect of it? Mayor Cervantes in testifying before our Commission yesterday in St. Louis pointed out that one of the major concerns of his administration in rebuilding the central city was a very fundamental concern. It isn't just rebuilding houses alone; it's making jobs available to the people who live in those houses within a radius where the jobs are physically accessible to the people. This is extremely important, and I think all of us on the Commission are aware of that. What is the status with respect to the increase or decrease in jobs for the residents of this community?

Job Outlook as Important as Houses

MR. BUSH: For quite awhile now jobs have been steadily decreasing, and probably at an increasing rate. The stockyards, which has been a large production area here, is steadily decreasing. Aluminum Ore Company of America left. American Zinc has closed two plants in this area — Fairmount City and Monsanto area. The only local industry here that has actually increased in jobs at all was Obear Nester Company that was bought out by Indianhead Corporation just recently. This is the only company that has been increasing in terms of jobs within the city. Most of the people who are getting jobs now are going across the river to Chrysler, and to McDonnell Aircraft and to the Chevrolet Division in St. Louis. There's some increase in jobs

at American Steel Company in the Granite City area. Now, these pose transportation problems, and in trying to help many of these young men get on the jobs, we have actually had to provide them transportation just to go over there to be interviewed, make application. They go back another day to be examined, and then keep your fingers crossed that if he gets hired he'll be able to go to work over there. The jobs have not been created in this area. This is why I stated that there is going to be a need for some kind of imaginative scheme for starting industry here, and part of the lack of concern of local industry for the community in this area has been the fact that all of the industry here except Obeare Nester — and it's now joined the group — is not home owned. All of this industry is owned by somebody far away. Obeare Nester now is owned by Indianhead; so here again, we've lost the one locally-owned industry that we had.

MR. LYONS: That's unfortunate but that is actually one of the crucial areas the local people should devote an awful lot of their attention to. As we have traveled around the country we have been exposed to what the local civic associations that are being formed are doing, and in their own way attracting into their area industry of a type willing to go in — small operations that don't require a lot of overhead, as well as developing from the community some form of regular transportation, because our present transportation system is obviously inadequate for workers in East St. Louis to get where the better jobs are. And that's the case of many other cities in the country, too. So I would merely suggest to you who are so active in your local communities wrestling with these far-reaching problems, the solutions I want to again stress, despite all good intentions and all good efforts, are not around the corner. We'll get there, but they're not around the corner. In the meantime, an awful lot has to be done as part of your efforts, Miss Dunham, Mr. Bush. It takes an awful lot of determination in some of these areas; so let me just merely encourage you to go in that direction too, as well as in housing, because a house that isn't close to the job, or isn't close to where there is a job, isn't going to stay a house very long.

MR. BUSH: I would suggest though that whenever industry thinks about coming into the area, it does an anatomy of the community.

MR. LYONS: Let me suggest to you that you form groups — civic groups — to go and meet with the potential industries and give them some encouragement. The industry is interested in profits and, of course, there's a lot of proposals that we have heard too of incentives to industry, and these will possibly come along. I don't know, they will have to be wrestled through law, but you as a group in the interim should try to generate techniques that can interest potential industry. Even if you've got to steal them from St. Louis. Mayor Cervantes won't like that, but try to get industry to come in here.

MR. DOUGLAS: *Mr. Chairman, I would like to suggest the greatest contribution would be made if Monsanto Chemical voluntarily came forward and annexed itself to the City of East St. Louis and began to*

pay taxes to provide for the education and the welfare of the people who work in its plants.

MR. LYONS: Maybe we could tell that story — that was my question on the subject of jobs. Now, thank you all very much for your presentation. It was a presentation of almost a tragedy.

We'll now go to those in the audience who have indicated their desires to make a presentation. Mr. Taylor Jones, Mr. Edward Slack, Mr. Alfred Kahn, Mr. Homer Randolph.

While they are coming up here Mr. Teer has an announcement he would like to make.

MR. TEER: Pardon the interruption, but I just left the room to take a call from Mr. James Stockdale, he's the chief underwriter for FHA in Springfield — I think Mr. Douglas knows him well — relative to our program. I told you we were in dire need of funds. I told him we were in conference here. He suggested I say to you when you go back to Washington — and I hope you will get back real soon — that you simply present to HUD your observations of East St. Louis and the need for additional funds contrary to the standard criteria of evaluating houses. He has a favorable response from Washington and he's hopeful with a little influence that they will allow the allocation and the project will be underway almost immediately.

MR. LYONS: Thank you. Our staff people are in close contact with HUD.

There is a long list here of those that want to participate; so if you will, please, do your best to condense your presentations to five minutes. And let me again emphasize that you will be allowed to submit additional evidence of any nature that you feel appropriate to supplement your statement either at this time or by mail to the Commission in Washington, D.C. We'll commence with Mr. Taylor Jones, the Third Regional Chairman of CORE [Congress of Racial Equality].

Mr. Jones: Solutions Not within Profit Framework

MR. JONES: First I'd like to preface my remarks by saying I think that if we begin to look at the problems, the urban problems of this country, one of those problems is the proliferation of committees to say that they're looking for solutions to problems. With all due respect to members of this Commission, I raise the question of whether or not this Commission had to come here and listen, with all respect to Mr. Mendelson, to something that came out of the East St. Louis Model Cities proposal, which is a façade, from the Mayor's letter to the resolution in the back — the whole thing is a façade.

MR. DOUGLAS: We have a copy of that.

MR. JONES: The other thing I feel, as long as we look for solutions within the framework of the way we've been solving problems, we

aren't going to solve problems. One of those things that we sit here and talk about — Monsanto Chemical Company — and how we can somehow beg Monsanto to come into this city and pay us some taxes. They use our streets, they pollute our air and, you know, they just use the facilities of this city. I'm saying that industry, which includes Monsanto, which includes all of business at this point, has to make the decision. I think that someone has to say to them they owe to the poor people 50 percent of their profits for a given period of time for rehabilitating the cities and the communities of this country. I'm saying that if we're going to look for solutions within the framework of the profit motive then we're going to keep on getting hung up with these problems, because a few people are going to keep making profits and the poor people are going to keep getting poorer.

As to the specific problems of East St. Louis, we've got many problems, and I say, to me one of our basic problems among three or four others is police and community relations, as Mr. Bush pointed out once before. I had a prepared thing here, but I will just give you a little bit of it and that's all. I think that our problem begins at the top. We have a police commissioner who has absolutely no understanding of the problems and the needs, especially of the black community. He has the idea that policemen are people possessing infallible judgment. Whatever he does, he's right.

Now, some people may say, now, we're going to listen to another dissertation on police brutality. I think we have to really look at it for what it is. And I am saying, for the majority of black people the problem in East St. Louis is an attitude and the conduct of the police in our community: The white police in this community from the Commissioner on down with few exceptions are blatant racists. The black policemen accept the role of being the head nigger in charge. That means they're being more concerned with their paycheck and currying favor with the Commissioner and their fellow white workers than being concerned with the rights and the welfare of the black community.

Let us for a moment just briefly review the philosophy of American jurisprudence, with particular emphasis on civil liberties. Our criminal and civil codes were enacted with procedural safeguards to protect the innocent. They specifically hold that an individual is innocent until proven guilty; he is free from search and seizure without a warrant or demonstrable cause. He has freedom of movement and association without intimidation or interference from the judiciary or police powers. These freedoms and guarantees are the very essence of our constitutional system of government. Yet in practice they are either completely ignored by the police powers or are sufficiently perverted so as to bring about injustices when black people are involved. The procedural safeguards of our Constitution seem not to apply when a black individual falls into disfavor with the police powers or violates a statute in the City of East St. Louis.

In the black community any person afoot at night automatically becomes a suspect in the eyes of the police. He is searched and ques-

tioned if a crime has recently been committed. And there's always a crime going on, you know. And if he has a police record he will probably be arrested and held for investigation. He may even be charged and tried for the crime really on the basis of his being a known police character. He's usually convicted because he's defended by a public defender. All of this is duly recorded by the police officialdom, but if he is not eventually charged with the crime, or if he is not tried, the police blotter becomes cold and impersonal. In other words, if there's no basis in fact to cause his arrest or for him to be charged, or if he is exonerated, the police record does not properly record these facts. No matter what the disposition of the case, the arrest itself gives him a police record.

Now, we're talking about black people going out, getting jobs. Immediately the guy says he has a police record, an employer says, "Nothing doing." He was stopped for investigation, you know.

In closing, in East St. Louis we have much more of this problem than we do in other parts of the country. The decision handed down by the highest courts of this land may as well be written in the most obscure Chinese dialect, because the police pay absolutely no attention to it. When a person is arrested in East St. Louis he's immediately saddled with the problem of proving his innocence. The police don't have to prove he's guilty, and if he's a black person he finds himself in the clutches of an unofficial special bureau headed by a black lieutenant who's become the hatchet man for the political bureau. What I'm saying is that in East St. Louis the beginning of a black cat's problem is when he's about 13 to 14 years old and some cop comes along and says, "Get off the corner." And if he don't move fast enough that's the beginning of his police record. I'm saying, from that point on, the problem snowballs and until the Federal Government or until somebody begins to instill in the local police officialdom that people's rights are more important than the policeman's own personal little hang-ups, we're going to have all kinds of problems.

MR. LYONS: Thank you. Next, Mr. Edward Slack, Board Member of IMPACT.

Mr. Slack: Young Negroes' Point of View

MR. SLACK: To the Chairman, Commission, and in all due respect to the Commission, I'm a Board Member of IMPACT. This is a group that's been made infamous, and I'm going to take this opportunity now to say that every local white patron in this area has told you a lie about the program.

IMPACT was merely a group of people that gathered together and formed an activity and recreational center for young Negro adults between 18 and 20 or 30 who we know are dissatisfied with the status quo and all the problems that you have heard. So we formed a center that they belong to. The newspapers in this area, every one of which practices discrimination — the *Globe*, the *Post* and the *Journal* — every

one of these newspapers took this story, and when we had a little slight violence they said we train these youngsters at this center to do violence. We did not do that. We merely realized that these youngsters think like they think, and we had the so-called responsible Negro leadership in our town who said that didn't exist but we know that exists, so we know that they think like this. So we want to get them together and try to work with them and try to make you — you represent the power structure to us — understand that we are not going to live like our fathers and our grandfathers. Now, we will fight you any way possible. And when I say "we," I say myself; I'm a young Negro. We will fight you if it means violence.

The papers talk about crime on the streets but they don't never say that crime has been put on a young Negro throughout the centuries. Now, the message I want you to get — See, even your Commission yourself is made up of all whites. You come into our community and we don't see a Negro on it.

MR. DOUGLAS: *I beg your pardon. One of the best members of this commission, Mr. Jeh Johnson, is a distinguished Negro architect, son of the late Charles S. Johnson, distinguished educator. I believe this is the only hearing Mr. Johnson has missed. He's been very active in attending the meetings. This time he simply couldn't come.*

MR. SLACK: I didn't know that, but we would like to see him.

MR. DOUGLAS: *We also have Negro members on our staff.*

MR. SLACK: I would like to say this before I close, so you can get this message from the young Negro: If you don't realize it now, we're not going to live like we have, because you have pushed us in a corner and we're ready to spring out, and you're going to have this so-called violence which I really don't want, because you're not going to win — we're not going to win either. If you don't get this message that I'm trying to give you from our young community, then you have failed your job and the national government haven't got the message. It's going to take a Marshall Plan type of thing to solve the problems of this community and others like this community and if you don't do that, then you're wasting time.

MR. DOUGLAS: *Let me say I'm very glad that you speak as frankly as you do. But I think that you make a mistake in thinking that all white people are your enemies. None of us had any part in slavery. My ancestors were anti-slavery people and fought in the Civil War in order to free the South, free their Negroes of the South. We've got to get along together. I remind you that Negroes form only about 12 percent of the population of the country. For reasons of prudence, if for no other reasons, that means you should get along with the other 88 or 85 percent of the country. Now, we want to help, we want to do our best, and don't pass judgment on us that we are trying to keep you down or we are your enemies.*

MR. SLACK: I don't want to pass judgment on the white race but I have to categorize you as all one group because you categorize us as one group.

MR. DOUGLAS: *I think that's unfair for us to categorize everybody else as a member of a particular group.*

MR. JONES: Senator, in all respect to you, one of the things I think Mr. Slack is trying to say, is that those of us — the young black people — in the community, have begun to take a close, dispassionate look at the society. And we now feel very strongly that this society was born and built from its very inception on racism; and that white people, being in the majority, enjoy certain luxuries and certain things that are not necessarily a need, but a luxury. And that is a part of that racism that they have built on to black people.

Now, the other thing, about the numbers: You know, this is used to frighten me —

MR. DOUGLAS: *I'm not trying to frighten you.*

MR. JONES: Just let me respond to that. I was in Korea, and I think you were there too, Senator. They had us over there talking about fighting 600 million Chinese, and they had us outnumbered a couple hundred thousand to one; so that is a part of our thinking also.

MR. DOUGLAS: *Well, if each side treats the other as an enemy it's going to be bad for everybody, bad for the country. We've got to live together. We have to live together on the basis of justice, and it helps if we have some appreciation of the problems of others. Don't merely write them off as enemies. And — well, I could go on.*

MR. SLACK: We could argue that point from now on.

MR. LYONS: Let me call upon Mr. Alfred Kahn, Vice President of the Missouri Chapter of the American Institute of Planners. He's in the Metropolitan Affairs Department of the Southern Illinois University. Mr. Kahn.

Mr. Kahn: Federal Block Grants for Urban Programs

MR. KAHN: Along with Southern Illinois University, the Missouri Chapter of the American Institute of Planners has asked me to make a statement.

Our society has historically considered urban problems to be primarily the concern of local government. Through urban planning and programming, local governments have made determinations regarding the need for improvements in the urban environment, such as schools, parks, highways, rehabilitation of neighborhoods, and health facilities. These determinations have generally been limited because of the inability of local governments to command tax resources appropriate to do the job on the scale that would be considered desirable by the planners or by the political leaders.

The tax arsenal of local government is still significantly reliant on the ad valorem property tax. This tax is no longer sufficiently related to economic productivity to be a desirable tax. Local government, however, in their fiscal plight, considered changes in land use primarily against the standard of property tax income versus government service cost. I believe this applies to East St. Louis as well as any

other municipality. The school districts, in particular, because of their critical expansion and cost, generally are in favor of any commercial or industrial development and opposed to any residential development. Residential property owners, desperately fighting all bond issues to be paid for out of the property tax, also choose industry and commercial development. In this process, the location of land use in a pattern to create communities balanced in their activities and opportunities is foregone as municipalities and school districts play the property tax game. Community goals cannot be honestly determined and urban design pursued as long as local government is forced to carry the major load of cost of solution of urban problems with the regressive property tax.

Many Federal assistance programs are aimed at seeding local programs for community improvement, such as the Model Cities Program and the Open Space Land Program. Because of the unsatisfactory tax position of local government it is not possible to take advantage of the Federal programs. For example, St. Louis County has recently twice failed to pass a \$25 million park bond issue which would have enabled St. Louis County to develop an outdoor recreational program. The initial high expectations run up against inadequate funding of Federal assistance programs, coupled with local government's problem of meeting its share of the cost. I think this again applies also to East St. Louis. The result is skepticism and opposition to Federal programs.

Many of the problems related to Federal assistance programs could be avoided if block grants were available to local governments. Such block grants could avoid the problems of Federal program regulations that determine the form of local programs artificially and the delays in processing which often create local financial problems and destruction of the character of the neighborhoods between the time urban renewal projects are announced and funds are available to undertake the program.

I've heard much criticism of the Model Cities Program in just this respect. The Federal Government is the major source of underwriting public cost for the solution of urban problems. Clearly, if the job is to be done we must have a commitment to provide resources as we presently are steadfastly doing to land a man on the moon and develop a supersonic transport plane.

A comment to the Commission is in order regarding the direction in which our urban society must look if we are to do more than alleviate short-range problems that beset our society this month and this year. In this regard I commend to the Commission the papers of "The Nation's Consultation on the Future Environment of a Democracy" held by the American Institute of Planners in Washington, D.C. last week. This look at the next 50 years indicates a significant change in our social and economic environment, and I think some of the things I've heard here today indicate some of the aspects of it. These probable changes must be counted if we are seriously looking for "ideas and instruments for a revolutionary improvement in the qual-

ity of the American city," as stated by President Johnson in his 1965 Message on the City. We must be willing to commit our spiritual, social, and economic resources to the job of creating a satisfactory environment for urban life. Our present programs do not constitute a national commitment and must be superceded by a believable dedication to the solution of urban problems. Thank you.

MR. LYONS: Mr. Homer G. Randolph, with CORE of East St. Louis.

Mr. Randolph: "Tired of Broken Promises"

MR. RANDOLPH: I am Homer G. Randolph. First I'd like for you to know that I am teaching at this high school for the past eight years where all of my pupils are of my race. I also want to reaffirm the observation made by some of the previous speakers — that the first image they got when they came in here is the same image that you always get when you go out to a group like this. Here is an all-white group sitting over there and here are the Negroes sitting over here pleading our case, and Senator Douglas doesn't like this. But Senator Douglas has been in Washington a long time and he knows himself 60 percent, 68 percent, 70 percent of all the Congressional committees are headed by southern bigots. Every one of them are headed by that man who says that the black man is good for nothing but to shine his boots and to curry his horse. Yet with that same racial attitude in this country we go around and we still say that the South lost the war. How in the heck can you figure the South lost the war when they're still controlling this country? These black boys and girls will take history, and I teach history in my mathematics just as much as I do mathematics. I teach history in my mathematics class. I have to, because there's some things black boys and girls in my class have to know that they're not getting out of the textbook. They don't know these things, so I think it's my duty to do it and I defy any man who says that I can't do it.

I would like to also point out that you say you want the total community represented. I wonder who of you is representing the black poor. When I see the black poor, especially the black poor, the black man represented, I want him not only to be represented by someone who believes he should be represented by himself, but he should be represented by himself. Who can represent any man better than himself? I don't want this white man to go around here and say he's representing me. To hell he's representing me. I can represent myself, and all I'm asking for is my right to represent myself. I don't want any rebuttal now, will you save your questions until the end of the meeting, please. I know it's pretty hot over there but it's not as hot as it's going to get.

I'd like to know what real authority do you have in coming to the community — what can you do about this thing? It's one thing to sit here and read the beautiful reports and all this kind of thing, you know. This has been done before. This has been done in the Negroes' case for 450 years. We're a little tired, we're a little impatient about

all these meetings, all these reports, all these promises. What are you in authority to do and what the heck will you do when you get back to Lynchin B. Johnson? What you going to tell him? I'd like to call this gentleman from Texas [pointing to Mr. Vandergriff] Lynchin B. Johnson. It has a meaning to me, especially concerning all the black boys, poor blacks in this country, that he has sent to lynch poor blacks of another country who never called him Negro, who never discriminated. People we don't even know. He has to be called by what he is. He has to be said by what he is, Lynchin B. Johnson from Texas.

MR. DOUGLAS: *I must protest. There's no more decent member of this Commission than Mayor Vandergriff. He should not be exposed to charges of this type. And may I say also that we wanted to provide an opportunity for everyone to speak so that you could represent yourselves and your groups and I think that's very proper, but I must protect the good name both of Mayor Vandergriff and the President of the United States.*

MR. RANDOLPH: Then you are saying that you as an individual deny before this group to me, the right to freedom of speech. That's what you're saying.

MR. DOUGLAS: *No, not at-all. You're exercising it and you go ahead. And I have a right to reply to it.*

MR. RANDOLPH: You're going to say five minutes is over pretty soon.

MR. DOUGLAS: *We'll give you another minute.*

MR. RANDOLPH: Then I better get on with my story. We've had these committees here before. We've had all kinds of investigations before. We've had protests to the United States Department of Education, Health and Welfare, to the Justice Department, all this kind. What did they do? Fly down in one day. They come in and live in plush hotels. First thing when they get here they talk about what flight they had to hurry up and get back out on. We're wondering about this and we challenge this Committee: Will you be of the same breed as other committees who have come into our community have been in? Will you or will you not?

I want to say also before my 10 minutes is up that the black man in this country is tired of broken promises. That's all he's had, and that's what he's been having for many, many years and it's about time now — we feel that it is about time for some of these promises to be fulfilled.

Some of you like the good Senator over there would probably say we're teaching Negroes to hate white folk. Well, I would say it's a pretty doggone dumb Negro who doesn't already know by the teaching of you to hate white folk. What keeps him from hating white folk? You go from results. You don't go by lip service. There's not one of these kids, adults, out here who deep down in his heart wouldn't have good reason to hate the majority of the white folk. And it is because of their own making, you can believe that. We've heard so many broken promises we're getting a little smarter now. Our eyes have been opened a little more. Now we're beginning to get so we don't believe it, and we may as well put the cards on the table. We've lost confi-

dence in you. We've lost confidence in your good intentions. We've lost confidence in your acting in good faith, to use your own terms. This is what you have done and you have done this to America. You have done this to black men and white men in America, and you must realize that after all, this is a small world and we have to live in it together.

Although Negroes are a minority, a big minority in this country, this country is shrinking every day, and the white man is a great minority in the entire world. The black man, the dark people, are the majority in this world, and it would begin to look like to me that the intelligent white man would begin to re-evaluate the whole situation to the extent that he will look into the future.

Now, I want to make this clear and sure: There are many people in this country now who still believe in the Dred Scott decision that the black man has no rights that the white man has to respect. We know it's not the law of the land any more, but when we gaze through the Gateway Arch we know we are gazing near the Old Court House in which that decision was rendered. And it has no glamour and no beauty and it does not mean the same to all of us. Whether the sun is rising or falling on the Gateway Arch, to some of us it means a gateway to the south.

I want you to know also that the creation of anti-riot laws is a poor damn answer to the question. That's not the way to solve the problem. Anti-rioting legislation would be like trying to put up chicken wire to keep out mosquitoes — no effect whatsoever. And I know that this new generation, and I am the new generation — 61-year-old new generation — would today rather die on our feet than to live on our knees begging the white man for what we know we are entitled to.

MR. JONES: Senator, the only question we'd like to ask is, seeing the way the Commission operated in St. Louis, why is it that you have to meet the Mayor at the Holiday Inn, and it's open only to the press? Why?

MR. DOUGLAS: *Because the luncheon is expensive and we didn't feel we could ask people in general to pay the cost.*

MR. JONES: Why wasn't the Mayor invited here like the rest of the people to speak before the people?

MR. DOUGLAS: *We want to find out what is on your minds, so you could be completely free to speak, and certainly you have been completely free to speak, and that's what we wanted you to be. Thank you very much, gentlemen.*

MR. LYONS: We will try to have time for one more presentation. Ken Childerson, speaking for himself as a citizen.

Mr. Childerson: Poor Quality of Local Officials

MR. CHILDERSON: First of all I'd like to say it's quite an honor to speak here before ex-Senator Douglas. In talking about the problems of East St. Louis I've heard quite a lot of discussion today: The same

problems defined in different terms, and quite a number of people who are fixing the blame for all of the conditions that exist in East St. Louis.

Most of the charges that I've heard today aren't really justified. I think as Mr. Randolph remarked, Negroes are just about in a state of despair; there's no question about that. I think the man is sincere in what he says, though perhaps he overstates his case. But I say the problems in East St. Louis are that East St. Louis has been left behind. We are functioning as a government and as a city essentially as cities functioned in 1909. The government system in East St. Louis hasn't changed essentially from the time of the turn of the century. It's the sort of political system that is picking up the candidates who are least qualified to be officials.

The one sole qualification of an individual for an elective or appointive office in East St. Louis is political loyalty. And when political loyalty is the first qualification, and almost the sole qualification, the most poorly qualified people are the ones that are going to be making the government decisions and be deciding policy. Justice is forgotten about. I have discussed this with Mr. Randolph. I've discussed this with the white officials, I've discussed it with Negro officials, and justice just doesn't enter into the picture. Political loyalty does, and that just about does it. If you're politically loyal you have privileges. If you are not allied to the political group in power you won't get justice from the courts, you won't get justice from the police force, and you won't even be recognized as a citizen who has certain rights guaranteed him.

With this type of a system in power there is little hope for all those people outside this political clique, because they just are not recognized and considered as people who have citizenship rights. Functioning on this basis, everything goes wrong. People don't feel the government represents them, because it doesn't; it represents one small segment of the community, and the government answers to nobody. You have a government that is made up of officials who are contemptuous of the people; and in turn we have a citizenry which is at arm's length against the government.

With this type of an atmosphere you cannot attract industry, you can't attract employers, you can't have a skilled labor group, because what is to provide them? Your school system is controlled politically, the people who are going into professional and career-level jobs and have a professional responsibility are chosen not because of their ability but because of their political affiliation, and they may or may not have the qualifications to be school administrators, city administrators, court judges, policemen, or in any other part of the system that has to do with the government. They may or may not be qualified, and too many of them are not; so what this results in, then, is that your local government doesn't have a working partnership with the state-level and the Federal-level agencies. They are to themselves because of the inadequacies within the system, the community. They

have isolated themselves from the state-level controls. They have to isolate themselves from the Federal level, and run it as they please.

This won't change until the people of the community are sufficiently aroused to demand ability from the local government, and until the higher agency provides checks on the local government. And the only check essentially that the Federal Government can present is the check of Federal money, as far as that goes. I won't go into it now, because I'm sure everybody wants to eat lunch. Thank you.

MR. LYONS: In recessing the hearing until 2 o'clock this afternoon let me in behalf of the Commission thank the principal of Lincoln High School, Mr. Colby, and the school maintenance men who were involved here today in making these facilities available under Mr. Lee Harris. We'll reconvene at 2 o'clock, after hearing Mayor Alvin Fields speak at luncheon.

(Adjournment.)

*Holiday Inn
East St. Louis
Noon, September 12, 1967*

Because of public interest in Mayor Field's testimony, the lunch session was open to the public. Unfortunately, the stenotypist failed to keep a complete transcript, omitting the questions about the municipal government being in debt to the local bank, about discriminatory labor practices in the area, and about other issues noted by the Commission during the morning inspection and hearings.

CITY ON THE DECLINE CALLS FOR FEDERAL HELP

MR. DOUGLAS: We are interested to get the views of the Mayor of East St. Louis. Mayor Alvin Fields.

MAYOR FIELDS: Mr. Chairman, members of the Commission, guests, ladies and gentlemen: It is with warm feeling and deep anticipation that I appear here today. I know the things my good friend, Sen. Paul Douglas, has accomplished throughout his three long and illustrious careers, as an educator, a soldier, and a public servant. His stand and regard for human accord and dignity have piloted many social programs through stormy seas. I applaud the selection of this Commission, for its combined talents are more than a match for the problems it must tackle. Further, I am fully confident that our problems, the common problems associated with our urban settings, will receive the proper attention, with an urgency and will for action.

The challenge of this decade is not the conquest of space, nor the capture of man's mind. It is more basic than these. The challenge is to solve the urban crises. Answers to our housing-unemployment-edu-

cation-law enforcement and fiscal problems must be found. This will demand a total involvement from both the private and public sectors, participating at all levels of government and the economy. I believe the greatest thrust must come from the national level.

The social and cultural complex of East St. Louis shows it to be one of the most humanly disadvantaged areas in the State. Too many of our citizens are in the low income, unemployed, and low educational brackets, living in a high proportion of indecent, unsanitary, and unsound dwellings. I am sure your tour this morning confirms this.

The need to improve housing in East St. Louis is most pressing of several needs. Unfortunately, there has been a downward change in both the quality and quantity of housing over the last 15 years. There are two reasons for this: First, the failure of private enterprise to get involved in the housing process; second, the failure of government to lend administrative assistance and know-how to private and nonprofit organizations. The red tape has, and continues to be, awesome.

The housing needs of East St. Louis require 1,300 units of all types, both private and public, yearly, for the next 10 years. A way must be found to achieve this goal. At the present time there are three groups active in the housing process. The East St. Louis Public Housing Authority is doing an excellent job — some 885 units since 1961 and 285 units early in 1967. Two others, both private nonprofit organizations, are well along in the planning stage in spite of some temporary setbacks. These are the Denverside Improvement Association and the Central City Organization. Although the number of dwelling units is small, it's significance is that others will surely follow.

For the future, there are three major programs. A Community Renewal Program was approved and funded as of 21 September, 1967. This is a three-year fact-gathering program which will become the catalyst for future action programs. Another program funded is the 216-acre urban renewal program in the South End. This program has been approved and the survey and planning phase funded for preparation of a renewal plan that will have an impact on the community within the very near future.

The third program of importance is the Model Cities Program submitted to the Department of Housing and Urban Development last April. I am optimistic to the point of thinking our application will be approved. In anticipation of approval I have taken steps to provide a sound, nonpartisan, administrative structure to carry out our commitments as outlined in the application.

As a result you can be assured of total community involvement to meet the problems head on. I think we have both the know-how and sufficient commitments from all quarters. The program will be the means by which this city will embark upon a program of continuing progress.

I know today's session is centered on housing and its related problems. The emphasis on housing is crucial but not to the point of overlooking the other elements associated with urban problems. I am

speaking of employment, education, and law enforcement. These, together with housing, require total involvement.

The importance of total community involvement is that it can be directed toward common needs and priorities. Experience of other cities had indicated that the mayor's office must be deeply committed if a total effort is to be sustained.

In line with this I have appointed two task forces, one for employment and one for law enforcement. Two others — one for housing and one for education — will be appointed at an early date. It is envisioned that the chairmen of the four task forces will constitute the overall task force working in my office. The task force for employment has been functioning well for the past two months and we can expect some excellent results. Important segments from the highest levels of the community such as labor, industry, and public agencies are represented on this task force. Col. Charles Hoskins, Commander of the Granite City Army Depot, its chairman, has indicated the following objectives:

1. Survey of all area employers to determine immediate and future employment needs.

2. Survey and listing of the entire unemployment sector.

3. Investigation of vocational-technical training programs to meet the needs of employers and the employables.

4. Promotion of the expanded use of the present placement center in the Illinois State Employment Service by all employers and employables.

The housing task force can do likewise. In order to meet the goal of 1,300 new and rehabilitated units each year all elements of the community must be brought together toward common objectives. Together they can take innovating steps to restore human dignity within a setting acceptable to local needs. New ways must be found to provide homeownership for low- and medium-income groups within existing neighborhood concepts. The lessons of Pruitt-Igoe [large St. Louis public housing project] and similar projects throughout the Nation must not be overlooked.

In like manner, I hope to get a similar result from the education task force. We need to involve the pre-school children further, to recapture the drop-outs into meaningful programs and, possibly, to broaden vocational training at the secondary level. Further, it may be possible, may be necessary, to keep the facilities open 12 months each year. All this will greatly increase the cost of our school system, already near the breaking point. But the potential returns in human values require a cold hard look at present procedures.

Law enforcement will be tackled through a community-police relations program. A \$15,000 grant from the Justice Department has been applied for.

The goal to improve our relations will be achieved through actions emphasizing the role of the neighborhoods and stressing the involvement of the citizens in their own neighborhoods. Neighborhood coun-

cils will be formed and from these will emerge a community executive council or task force.

The City Council and I are fully committed to a comprehensive plan for community development. The objectives outlined in the workable program for community improvement, as presently recertified, are still applicable. This, together with the task force concept, are the full and continuing commitment of the City Council. These commitments include:

1. To emphasize and support citizen participation.
2. To support organizations and neighborhood groups interested in providing low-income housing.
3. To provide adequate public services.
4. To actively support regional coordinating agencies to insure maximum utilization and minimum duplication in the utilization of available funds.

Fortunately, the city can and does command both cooperation and participation from most agencies in the public sector. Private agencies, depending on their areas of primary interest, may or may not participate.

The foregoing we can, and are doing, but our commitment and ability to deliver a telling blow in the social-economic area stops short because of finances.

Thus the major obstacle to a broad-scale approach on the city's problems is finances. It is a problem associated with a diminishing tax base — down some \$13 million since 1960. The loss of industry, the continued drain of the affluent society, the unfavorable court decision concerning taxable railroad properties, and the removal of more and more land from the tax rolls for such projects as highway construction, public facilities, etc., have all left their mark — a marginal fiscal capacity.

While East St. Louis has one of the lowest fiscal capacities, its citizens are making one of the highest tax efforts in the State. Because of the increasing service demands plus a diminishing tax base, a considerable fiscal gap has developed where expenditures far exceed revenues. The point that East St. Louis is unique and requires outside assistance is found in its restricted tax base, economic capacity, and population make-up.

In summary, I see one alternative to the fiscal drain of our urban areas. In so doing, I am merely adding my support to a large number of mayors who are proposing a revenue-sharing plan. This plan would assure substantial Federal funds to cities on a continuing basis. Such a plan for revenue-sharing should be simple, understandable, and fair, as well as reflect the fiscal needs of cities.

MR. DOUGLAS: Thank you, Mayor Fields.

(Adjournment.)

PHYSICAL, SOCIAL, ECONOMIC RECASTING OF A CITY

MR. LYONS: Let us call the hearing to order. We had a lengthy discussion in which not only the Mayor participated but a very substantial number of the community leaders.

I might point out, as we walked in the Cardinals just won the seventh World Series game, 7 to 2.

Let me present Mr. Arthur E. Klein,¹ who is the spokesman for PACE, a local private group trying to cope with housing, finance and other matters of this community.

STATEMENT BY ARTHUR E. KLEIN

MR. KLEIN: Chairman Douglas and members of the National Commission on Urban Problems, my name is Arthur E. Klein, here before you today in the capacity of consultant for the City of East St. Louis and the PACE Organization, which in its extended form is denoted as "Progress and Action through Citizens' Efforts." Three years ago PACE had its birth in the citizens' concern that there is a substantial material erosion taking place in their city from the standards synonymous with America, which continues today in spite of the diligent efforts of the present administration; and that this encompassing representation of the people of this city constituting PACE believes that such further continuance of the existing conditions threatens not only their financial and civic security but that of their children and the generations to follow.

In our apprehensions and concern we are grateful for the opportunity to address this Commission.

You have and will continue to hear today testimony from learned persons of city government, the community, regulatory agencies, and Southern Illinois University as to what are the problems of East St. Louis? Where do they exist? When did they happen? Why do they persist? Who are affected?

Urban Problems Same All Over

We believe, in synopsis, that the problems that beset our community are not any different other than possibly being more acute than other urban environments. In emphasis, *Time* magazine reports, and I

¹ Consultant in planning and housing. Public positions with the Federal Housing Administration and New York City Housing Authority; chief engineer of private development corporations sponsoring commercial and multifamily housing projects.

quote: "An appalling 65 percent of East St. Louis housing is substandard; a full 21 percent of the work force is unemployed; nearly a third of the city's families — 55 to 60 percent of them Negroes — are on some form of relief. Fine kindling for riot. . . ."

The issues are keynoted in unemployment and underemployment; the training and retraining of the disadvantaged; an adequate supply of decent low-cost housing; how to develop a higher tax assessment base so as to develop greater municipal income in order to provide for the ever-increasing services to our citizens; a more cohesive and effective relationship between the Federal, State, and city governments so as to give concrete directions that may have immediate curative effect upon the problems. We believe that the foregoing capsule statement of problems includes the knowns that have been known for some time. The questions that lie before us are not so much as to the what, when, where, why, and who as much as it is the how; and this is where we just cannot seem to get far enough off dead center to have meaning.

Let us look at some of the other givens that we have here in East St. Louis:

(1) The morally responsible citizenry are now a concerned, organized, and dedicated people.

(2) These citizens, through PACE, are spending time, money, and effort to attempt to halt the socio-economic retrogression taking place in their community.

(3) There are problems as defined above that transcend the ability of the city administration and its citizens to abate.

(4) There is little time left to mitigate the issues before tensions erupt to staggering proportions. The tolls this summer were nearly 100 fires, 49 arrests, 13 injuries, 1 death and some \$200,000 in property damage.

PACE, the community at large, its leaders, and the administration all took the position three years ago of having recognized the problems. Yet their posture at this juncture is unfortunate, in that they do not have the finances for self-initiated projects or the required matching credits needed under the various federally assisted programs that the Administration and Congress have created. Beyond that, there are the intense requirements of a sufficient technical team of size and expertise necessary to make positive strides, which we do not have. The unavailability of these people stems from a national shortage, and then again its cost of employment.

While it is true that the Congress has legislated the laws and, in the main, appropriated the monies necessary to implement them, the intent of that legislation recognizes the community and citizen dilemma: that the Federal Government has developed the various agency structures to administer such programs; that the city has created parallel departments to the extent it can fund them. And further, the task here before us in East St. Louis is not proceeding in time-ratio to the magnitudes of the problem, to give our disadvantaged people and the city in total any reasonable hope. The main issue lies before us not in

the recognition of the problems but rather of translation into meaningful deeds to correct them.

Federal Task Force Needed

We would recommend to the Commission the following:

(1) The overall and final solution of the community's problems relies heavily upon the Federal Government; it is the main, if not only, hope for the city. It is the Federal Government that can make the funds available to do the job — whether by loan, grants or subsidies — and it has been that government that originated the corrective ideas that are meaningful. And the depth of technical skills that the Federal Government possesses are unmatched by any political subdivision, and therefore, a "Federal Task Force" should be organized consisting of representatives from the Department of Housing and Urban Development, the Office of Economic Opportunity, the Department of Health, Education, and Welfare, Small Business Administration, and the Department of Labor. This task force would have as part of its membership a representative from State government for purposes of coordination. It is with this group, with maximum efforts and on a continuing basis in close concert with the citizens, representatives, and the city administration of East St. Louis that meaningful steps could be taken.

It is not enough that there be the laws and regional offices of Federal agencies to administer them and to allocate funds, for the problem is:

- (a) To understand the many programs presently in effect today.
- (b) To understand clearly how those programs can relate and inter-relate to the community and its particular problems.
- (c) To understand the complete coordinating process between the various Federal agencies and the city.
- (d) And lastly, the going about to have the city's share of the finances and technical staff that go to make a total solution.

(2) This city, as I am sure of the other cities, needs to be recast physically, socially, and economically in the shortest possible time. The only true solution to time are people and money. We would further suggest that when the task force has decided upon those viable solutions and what the city's matching share would be in order to participate — and, as in our case, that share of monies or credits are not available — then that share should be considered to be made available to the city by way of a long-term loan by the Federal Government. It can be readily envisioned that if the physical progress is made and real estate is developed — whether it be housing, commercial or industrial development — the taxable base for the community will rise.

Following that series of events, the taxable income for the city will be increased, and in that increment lies the repayment ability of the

city for their original share of any of the programs that the task force may have put forth.

(3) While your Commission has been charged by the President to generate certain investigation and ideas in the area of building codes, zoning, housing codes, taxation, development standards, certain special emphasis has been directed to the needs for increasing the supply of decent low-cost housing. To further this end we firmly believe that all federally subsidized housing programs — whether new construction or rehabilitation — should be put into the hands of an administering agency other than the Federal Housing Administration. These subsidized programs require a decidedly different approach than the traditional programs administered by FHA under Sections 203, 207, 231, 220, et cetera. You cannot analyze the specialized low-cost housing program from the same vantage point of mortgage credit, marketability, underwriting risks, and architectural minimum property requirements as one would in viewing housing for middle-income and upper-income families.

These programs take on certain social and financial evaluations that the Federal Housing Administration has not heretofore done. In fact, the training and approaches needed to produce low-cost housing are dramatically opposite to what FHA is accustomed to doing in its processing procedures.

(4) Lastly, we believe that the problems and their earliest solutions transcend even the vast ability of the Federal Government. The energies, creativeness, and funds of private business, with their profit-motivated incentives, must be harnessed to the task before us. In the particular area of housing, careful consideration of some combination of the proposed bills by Senators Kennedy and Percy should be given by the Congress as a further tool towards ameliorating the problems that beset this Nation.

Members of the Commission, in so brief a presentation it is difficult to elucidate on the solutions of the various other areas that the Commission has been created to investigate. However, we feel that these suggestions made today are the most substantial and to the heart of the matter. It will take all of this and more by our country's leader, with broad decisive strokes, if we are ever to be the beneficiaries of a Great Society.

On behalf of the PACE Organization and the city let me extend our thanks to you for giving us this opportunity to address the Commission.

MR. LYONS: Next, Mr. Alfred Lucas, Director of the Economic Opportunity Commission for this county.

STATEMENT BY ALFRED LUCAS

MR. LUCAS: Chairman Douglas, members of the panel, ladies and gentlemen, I am indeed gratified for an opportunity to appear before

this Commission to discuss some possible solutions to, the vast problems confronting us in East St. Louis and the Greater St. Clair County community.

Our problems at this point are so staggering that it was once stated by one of our most eminent Congressman that when the Lord made the world he completely forgot East St. Louis. I feel the complete solution to the problems of the Greater East St. Louis community are extremely numerous. At the present time East St. Louis remains in the top five of most of the factors placed on the negative side of the ledger. We rank high in unemployment and underemployment, poor housing, lack of education, tuberculosis, venereal disease among teenagers, crime, racial discrimination, et cetera.

Massive Federal Aid Urgent

I would not feel that it would be possible to allude to all or any of the real solutions to these numerous problems in the short time that we will be here today, but I would like to at least touch on some of the areas that I feel would be helpful in trying to alleviate the staggering problems that we have in our community.

(1) Massive Federal assistance, especially through the poverty program. I feel that this is urgently needed in order to prevent an almost total collapse of the community.

(2) Breakdown of discrimination in employment, apprenticeship training, and labor union practices in the building trades.

(3) Granting of Federal funds for a CRP [Community Renewal Program] to cover the Metro-East Area. This is Illinois' second largest populated area, immediately behind Chicago. We have in our Greater Metro-East Area over 500,000 people, and I think St. Louis was one of the cities that did receive a CRP Program. They received something like \$5 million. I feel that our community should be considered for a program of this nature.

(4) A vocational school sponsored and financed by the Federal or State government is needed. It would help provide better needed vocational training for large numbers of people without skill or education. It would provide them with skills which would be useful to industry. It would also serve as an inducement to bring industry into the area. One of the real problems as stated as we go around the country is that one of the reasons industry is reluctant to come into our area is because we do not have enough people trained to immediately go in and start operation in some of the different industries.

(5) Under the Manpower Development and Training Program there is a great need to enrich the training curriculum to include some of the skills which may be used in the construction industry. Much of the union opposition must be overcome on this.

(6) Apprenticeship training. There must a larger breakthrough in the opposition to the nonwhite youth in the building trades. There are several longrange programs to rebuild East St. Louis and there

should be work for all. Trained men will be needed. If we are going to ever embark and truly carry out the type program that Mr. Klein has talked about for PACE then we're going to need some people to do the work. We have the bodies here but we need the training for the people in our community to be able to take advantage of these opportunities.

(7) The Economic Development Administration. All efforts should be made to have the Federal Government examine the current economic condition of St. Clair County towards regaining its former designation as a disadvantaged community. That would make possible special Federal grants for reconstruction of certain facilities such as sewers, public buildings, et cetera. I think that we could even go further and state that the Economic Development Administration could even give consideration to East St. Louis as a separate entity because the poverty statistics in the community are so staggering, cut out the short-term financing periods of the Federal poverty programs and the uncertainty of continued funding as this has a negative effect on project operations. Planning and operations are compromised, as administration has to devote part of its time with working with the problems of funding considerations. Each time we receive a Federal grant for one of our poverty programs, as soon as we really get into the problem we almost immediately have to stop and start writing new programs for funding the next year. We are never allowed to really spend the amount of time that we should in dealing with the problem.

MR. DOUGLAS: *Just a minute on that. That's because Congress won't appropriate money. It's not the fault of the Administration or the poverty group, and fundamentally the reason why Congress doesn't appropriate money is because Congress doesn't believe in the program. That is, the people don't believe in it. I speak as one who's always been a friend and still is a friend of the poverty program, but you ought to know where your real difficulties lie. They don't lie at the White House, they don't lie with Mr. Shriver. They lie with the Congress, and behind the Congress is the American people.*

MR. LUCAS: I would like to say at this point, Chairman Douglas, I am well aware of your record and I'm sure that everyone knows that you were one of the real vanguards in the movement of the poverty program.

MR. DOUGLAS: *I'm not talking about my record but merely — you sometimes choose the wrong set of people to make whipping boys.*

MR. LUCAS: I'm not making anybody whipping boys, I'm talking about some of the possible solutions in our community, and if we are constantly dividing our time and writing for refunding it dilutes the amount that we can accomplish.

Improve Quality of Law Enforcement

Next, efforts should be made to enlarge and update the quality of our law enforcement department to reduce the incidence of crime and

delinquency. Next, a communication relations department to bring about better communications between law enforcement officials and the citizens should be established.

Next, intensive and meaningful training for our law enforcement officials.

Next, community recreation programs and facilities. There is one out in St. Clair County. But we have a large number of communities, and of the large number of communities that are in St. Clair County, only about three have city recreation programs. Most of the communities in St. Clair County have no organized recreational programs for the people, and I feel that this is of great need in our community.

Next, a school for unwed mothers, to finish their high school education.

Next, more loans for persons with low incomes for housing rehabilitation and building.

Next, efforts to involve the total community in the problems of the community, to stop attacking the problems of the community on a piecemeal basis but include the total body at one time. Too often we do not have coordination on the many programs that we do have operating in the community. One is working on the hand, one is working on the leg, and there is no cooperation between. We can never, in my estimation, hope to work toward eradicating poverty until we work on the total problem at the same time with a great deal of coordination, but not trying to alleviate it in any one aspect at any one time.

Establishment of a more effective city government and school administration; establishment of national welfare standards to stem migration of unskilled and uneducated people to cities and states where allowances are higher; involvement of more people in the community action program, to guide and train them, to show that they can have a voice in matters that concern and affect them; more programs that will work toward strengthening the family and work towards bringing the family unit closer and closer together. Gentlemen, it's indeed a privilege and a pleasure to have had an opportunity to speak to you in behalf of my agency and I thank you.

MR. LYONS: Thank you very much, Mr. Lucas. Do any of the Commission members want to raise any questions? If not, then, we will proceed with the oral presentations from those in attendance. Let me state that, although you did see in the press release that Illinois State Senator Paul Simon would speak in this afternoon's session, he had a conflicting schedule and yesterday presented a statement to the Commission.¹

Our list of people who wanted to speak includes two sisters, both from the Denverside Community Organization. Is Either Miss Dolores Williams or Miss Riba Williams here?

MR. O'NEILL: *Neither one is here.*

MR. LYONS: Is Mr. Ray Navage of VISTA here? Miss Portia Hunt of the Southern Illinois University crime and delinquency project,

¹See page 312.

Mr. J. Philip Waring of the Freedom of Residence Committee, Mr. George C. Bicket of the Neighborhood Improvement Association, Mr. Oliver Smith — would you all please come up.

PUBLIC WITNESSES

Miss Hunt: Housing Need in East St. Louis Slums

MISS HUNT: I'd like to clarify something, I'm a preschool family worker for SIU. I work for Wesley School, and I'm representing the parents of that school and the social service agency for the preschool age in East St. Louis. I wanted to ask a question of the panel. I was wondering, have you toured East St. Louis? Have you seen East St. Louis?

MR. O'NEILL: *Yes.*

MISS HUNT: Well, if you have seen East St. Louis —

MR. DOUGLAS: *Yes, we spent some time this morning, and I want to say that the city administration took us to the less favorably located sections of the city as well as to those that were perhaps better located.*

MISS HUNT: I would hope that in the future when you come back again that you will have a chance to look at Rush City, the South End.

MR. SHUMAN: *We were there.*

MISS HUNT: It's kind of interesting, because there seems to be really no need for having all of this discussion. You've seen the areas and you know what it looks like. It would seem, you know, that you would know that we needed some type of help here financially.

MR. LYONS: We're seeking all the information we can obtain. We both want to see and listen.

MR. DOUGLAS: *We saw the outside.*

MR. LYONS: Now we want to listen to people.

MR. DOUGLAS: *Now we want to hear the inside.*

MISS HUNT: I work with parents of preschool age children, and one of my projects this year was to go in and find out what were some of the needs in the housing area. Plumbing was one. There were slumlords renting housing out with plastering falling from walls. There were mice, roaches, junk in the yards. Most of the people who rent from these slumlords are responsible for fixing the place up and its upkeep. There have been even about six situations I have been in where there have been two-family flats rented out to four and five families with children. So you see, we need something that can accommodate a family of a given number and room size too. This is all I have to say. Thank you.

MR. LYONS: All right, Mr. Philip Waring representing the Freedom of Residence Committee.

Mr. Waring: Freedom of Residence Committee

MR. WARING: Yes, I represent the Freedom of Residence Committee, an organization working for fair and open housing. But before taking three or four minutes I would like to go on record in expressing thanks to Senator Douglas, for his coming here the first time since he's retired from public life, for the stellar job that he did over the years. Many of us who have traveled around the country and who know the Washington scene know what this man did for civil rights and for social legislation. So I would just like to let the Senator know there are many others in the National Association of Social Workers who remember the job that you did in the Congress over the years in getting some of the legislation. I merely want to make that for the record. There are some of us who remember that, Senator.

Now, for the matter at hand. Freedom of Residence — this is a national organization working for fair and open occupancy. It's a very, very serious problem, the matter of fair housing laws. Some 15 states and many cities have this particular kind of legislation, but many do not. Here in Illinois, the home of Lincoln, we do not have a fair housing law. This almost lost us the atomic plant up near Chicago. Here in the City of East St. Louis, while we have a fair housing ordinance all around us in the suburbs, we do not. And Negroes are not able to get housing.

As an example, Southern Illinois University had several educators, Negro educators, come in and work. They could not find housing and this posed a problem. The matter of a lack of fair housing legislation is the problem that is in question and a problem within the purview of this Commission.

Now, for the matter of Freedom of Residence and I'll be finished. The Freedom of Residence Committee will hold a national convention here in East St. Louis next April, and we would ask if it would be possible to use some of the proceedings of this Commission in our convention, the reason being we're going to put a spotlight on Greater St. Louis in terms of the pros and the cons, the success and the failure of housing, open housing, fair housing. We're going to examine this entire area and compare it with other American cities and I wondered if we might use some of the material that comes out of here when your report is finished. Will this be possible?

MR. DOUGLAS: *Yes indeed.*

MR. WARING: Thank you very much.

MR. DOUGLAS: *I think I should point out that the lower house of the Illinois legislature has passed an open housing and freedom of residence bill several times. It's been defeated in the upper house and I think I should say that your state senators — Senator Dixon of St. Clair County, Senator Simon of Madison County — have been two of the strongest advocates and defendants of the principle of open housing and making it a matter of state legislation, so they should not be blamed nor should the lower house be blamed. I think you should study the roll calls very carefully to see who actually was opposed.*

MR. LYONS: Mr. George C. Bicket, President of Neighborhood Improvement Association of St. Louis.

Mr. Bicket: Technology and the Lustron House

MR. BICKET: Gentlemen, Mrs. Smith and honorable chairman. My name is George C. Bicket. I'm President of the Garden Neighborhood Improvement Association of the City of St. Louis. I live opposite the beautiful Shaw's Garden. I was born in Illinois, on a little farm, 40 acres, in as much poverty as anyone knows anything about. I could tell you more about it, but I don't have time. But I will give you this that I have written because I want to make sure you get this brief statement.

"Where there is no vision, the people perish, but he that keepeth the law, happy is he." Proverbs 29:18. Gentlemen, a full reading of this chapter should have a lesson for all of us as we deal with the crime situation and other problems in our cities. Veritably, I say unto you, the scene changes but "human nature" goes marching on.

Incentive, dignity, pride, opportunity, responsibility, the Golden Rule, are the missing links in debilitating problems of our urban areas. We've gone on a socialistic, political binge that brings us where we are — nowhere. The only out is not to be found in the Demonstration Cities Program or the more dressed up Model Cities bonanza, but through the tried and proven areas of competition and the free enterprise system.

Gentlemen, we've heard the grandiose plans of mayors of the City of St. Louis for 30 years. They all seem to come to one common denominator — political control with the fast buck. The Spanish Pavilion project in St. Louis was facing disaster until hard-headed Republican businessmen took over and assured its success. The Arch was to cost \$15 million but now the Federal Government has spent \$36 million and the end is not in sight.

A reasonable opportunity must be provided for our builders to come into our inner cities to build a new concept in homebuilding. I envision the building of beautiful little, expandable, maintenance-free homes in our slum areas, one subdivision block at a time. These homes will be sold, then built. They will be placed on the tax rolls immediately. This home should cost less than \$10,000 when production gets going, and the cost will go down as the production increases.

Gentlemen, you haven't time for me to go into detail but such a type of home has been in existence in the St. Louis Area for 18 years. The ones I visited are as beautiful as the day they were built. Maintenance on these homes has been practically nil. With the technology we have today we can design a house that is ratproof, maintenanceproof, pollutionproof, with an amazing low heat loss. They can be built almost like automobiles, with unlimited designs and colors.

Homeownership and the pride in a beautiful little ranch-type home with lovely shrubs and tough Zoysia grass will soon level out all of our other social problems. These people will guard their homes with their

lives and maintain them with dignity and pride, with a deep sense of responsibility. The men will be out in the yard working — not in some booze joint throwing their money away and feeling sorry for themselves. I ask you, gentlemen, to let this dream live and assist us in building our inner cities. I have agreed to communicate with your staff and to keep you in touch with our efforts to make this dream come true that was so rudely terminated some 18 years ago.

And gentlemen, I wasn't able to get pictures of this type of home that I'm talking about. There's some 100 in the St. Louis area. They're beautiful. And I will take some color photographs of them and forward them to you. Now, of course, this is a home that was built 18 years ago, with the technology that we have. As one man said, the Federal Government has all the technology. Brother, let them bring it down here and help us with this.

MR. DOUGLAS: *What is the secret? Don't hold out with us, what's the secret?*

MR. BICKET: What's the secret?

MR. DOUGLAS: *What's the secret of this new type of building?*

MR. BICKET: I can go into this but I don't think you have the time. But you can get all the information I can give you and more.

MR. DOUGLAS: *You lead us right up to the door and then slam the door in our faces. What's the material, what is it made of?*

MR. BICKET: Now, this home isn't built, so we can't say what it is altogether made of; but to give you an illustration of a house that's built and one can talk about, there is the Lustron home.

MR. LYONS: *What's it made of?*

MR. BICKET: Porcelain steel, sir.

MR. LYONS: *That company folded.*

MR. O'NEILL: *And they lost \$37 million RFC money, and the house was priced at \$16,000 when they went under.*

MR. BICKET: And the members of the corporation milked it until it wasn't there any more.

MR. LYONS: *Thank you very much. Now we know the house you're talking about.*

MR. BICKET: I'm not talking about this house, because the new house has improvements that you should know about. But this is basic, you see. Something has been in existence for 18 years and the maintenance is practically nil. We have to have maintenance-free homes in these areas.

MR. DOUGLAS: *I think there was a lot to be said for Lustron. It was managed very, very badly. I wish you would send us details on this.*

MR. BICKET: You certainly can have them, sir. Thank you, sir.

MR. LYONS: Thank you, Mr. Bicket.

Mr. Oliver Smith, representing himself.

Mr. Smith: Importance of Integration

MR. SMITH: To the President's Commission and ladies and gentlemen. Actually, I've been following the session here ever since 10:30

this morning and I find it quite interesting. Also I would like to just add a little bit to what some of the other speakers have stated — several things actually. Also I would like to state too, I'm Assistant Director of IMPACT, which is quite controversial at this time. I think one of the main things in order for us to solve our problem here — just a little small part of it — is that we got to think in terms of integration. And when I speak on integration I'd like to add to what Mr. Waring stated: it's fair housing. If we look at Orr-Weathers, the Godfrey-Shields, Robinson [all public housing] we find these projects — well, I would say Orr-Weathers and Robinson — are 100 percent Negro.

Also I would like to refer back to three whites which were beaten by Negroes. Now, I feel if Orr-Weathers had been integrated this beating wouldn't have taken place, because these Negro children would have white friends, and Lincoln High School, Hughes-Quinn, Johnson, all the business areas — all the social spots — would have been integrated. All right. In this particular area where these beatings exist it would be a common thing to see whites walk the street and be friends of Negroes. So until we actually reach the point and really try to integrate this thing — the system here is rotten. They really don't do nothing — even if Mayor Fields had a few Negro neighbors living next door to him, he would feel a little different, because this thing sort of rubs off. His kids and everything else would come up with a little different viewpoint.

So, getting back to integration, you take like IMPACT — even when I was a kid I used to go — as we used to say, excuse the term, but it's true — we used to go honky hunting, as well as some of the white kids used to go nigger hunting. So this has been a thing that's been hammered down through the years, and it's in the mind of teenagers, regardless of whether they're white or Negro. And let's look at these beatings. Were these people stabbed, shot? No. The motive wasn't murder, all they done was actually that the guys just couldn't accept. So here again, if integration had been existing, this thing never would have occurred, because they wouldn't be honky hunting, because the honky would be living next door. The white boys wouldn't be going nigger hunting or the niggers wouldn't be going white hunting, because they would be living next door. You can solve these problems. Give these Negroes \$10 an hour, give them good housing, adequate lighting, sewers, different other stuff — you cannot put him on this side and put the whites on the other side and expect them to love each other, because they're not going to know nothing about each other. The problem is still going to exist. Until you have total integration or two-thirds of it, then all your work's in vain.

And the news media on IMPACT, they haven't really been fair. They have been writing a story one-sided, and I think that this is wrong. I think you as a committee here, before you leave, really should visit IMPACT, tour the inside of it, and see what exists there, because several letters were sent to Washington even before some of these disturbances happened here. We got a few replies, but no one seemed to

give us any concrete answers on the letters we submitted. So I think that really if this program is discontinued it's going to be a blow to East St. Louis, and you may hear about it before you get back to Washington or even while you're in Washington. Thank you.

MR. LYONS: Thank you, Mr. Smith. Mr. Oliver Parks — a home-builder, industrial real estate developer and the individual who brought Holiday Inn to East St. Louis.

MR. PARKS: Senator Douglas, members of the —

MR. DOUGLAS: *Mr. Parks, for further identification, are you the sponsor of the Parks Airport and Parks Airlines, Parks Training for Aviation?*

MR. PARKS: Yes, sir.

MR. DOUGLAS: *I want to thank you for your work.*

Mr. Parks: Encourage Discouraged Businessmen

MR. PARKS: Thank you, Senator. Ladies and gentlemen, I didn't know that I'd have an opportunity to say a few words and I've been very interested in the comments that have been made. We've got a tremendous problem, we all recognize it and it takes a spirit to win. The Cardinals won the Series. It was a spirit that built up within those men and it generated a determination to do a job. We have to have Federal help, we have to have local help, and we have to be willing to help ourselves. We can create a spirit. I spent quite a bit of my time making calls to the Chamber of Commerce, the United Fund. I get into big and small business establishments, and I have an opportunity to talk to many people. We've got a job to do. We can look right across the river at St. Louis. There probably is no spot in East St. Louis that's nearer to being dead than that area east of Twelfth Street in St. Louis just a few years ago. It took 30 years to put that project over and it's given me a lot of encouragement as to the possibilities of East St. Louis.

I don't think the big question is the color of your skin. I think it's the attitude, the determination to do a job. Now, I want to make just one point. The greatest obstacle to progress in my opinion in East St. Louis is the discouraging attitude of many of our small businessmen and local citizens.

Let me give you an illustration. The Holiday Inn was mentioned. Mr. Joe Vatterott is an old friend of mine. His brother taught both of us, what little I know, about the building business — Charlie Vatterott. I got hold of Joe one day and I wanted him to build a motel at Bi-State Parks Airport, and I took him over there, and he said, "You're premature. This is five, ten years too soon." Well, I said, "All right, we need a motel like yours in East St. Louis to build a foundation to build a better East St. Louis on. That's just one step, but if we can have a good motel that will be something," I said. "Another thing, both of our downtown hospitals are being improved, great sums of money are being spent, that will be a good start."

Joe hired an architect, they drew up plans for a hundred units for the motel. They found the cost too great. The architects did it over again and they built the present unit — 160 units — and the cost per room worked out all right. Ten percent was paid down on the ground. The insurance company that financed four or five others of the local Holiday Inns in this area that Mr. Vatterott built came over and looked over the situation. They came over at night, they came over in the daytime, and they threw up both hands and they said, "We'll have no part of an investment in East St. Louis. We don't want any part of it."

And so Mr. Vatterott called me, and I got Jim Reed of the Chamber of Commerce, and Vatterott said, "I'm all through." I said, "You got to talk to us. You set up the time and Mr. Reed and I will come out and talk to you." So he said, "Tomorrow morning, 8 o'clock." I said, "You have all of your key people there too." We walked into the room, and for 30 minutes Mr. Vatterott told us all the reasons why he couldn't have a motel in East St. Louis: The labor was bad, conditions were bad, it was unfriendly, wasn't safe to walk on the streets. Those are the points he brought up. Finally we got a chance to get a word in edgewise. I said, "Joe, you give us one, two, three, the things that we have to do to get you to come to East St. Louis," and he was just man enough to do it and he spelled them out. The biggest one was the financing.

I went to Mr. Oliver Radiker, who has been mentioned at noon with reference to PACE. He's the father of the PACE movement, and we got five banks in East St. Louis and five building and loan companies in East St. Louis to underwrite the \$1,750,000 for this motel. The motel came here. I'm sure that everybody in this room is glad that it's in this vicinity. It's a credit to the community. It's a successful financial venture, and now he's planning to build an addition to it. The point I make is, now it just happened that Joe Vatterott was a good enough friend of mine to tell me why he wasn't coming to East St. Louis.

In the last two years I have prepared studies including aerial pictures, the labor rate per hour for the various classifications in labor, the things that we have to offer in skilled manpower, our labor relations with the unions. In fact, I finished preparing one this morning and sent it off to an out-of-town firm. If they come here they will give 300 jobs and if there's anything we need in East St. Louis it's more jobs. That would solve not all of our problems but it would be a step in the right direction.

In industry it was only 10 years ago that Union Electric Company induced the Chrysler people to come over to our side of the river to build their plant, and when they made a study like Mr. Vatterott did they almost left the community altogether, they were so put out with Union Electric for recommending the East Side. And so they built their plant where they did. Now, 10 years ago we had a very poor relationship with the unions. Today we've got a good labor relationship. I think the people largely responsible for stimulating this

program of better labor relations are in the Monsanto Chemical Company, which has been mentioned several times in this meeting, and the Granite City Steel. They worked out a 10-point program for building trades and for industry which we adopted 10 years ago and which is still in effect. Incidentally, when Mr. Vatterott got ready to build his motel we invited in the business agents of all of the trades involved. We had a conference. We agreed there would be no work stoppage because of jurisdictional disputes. And that's true, it went clear through the job. There was a little misunderstanding between Local 100 and the electricians but no work stoppage. That was a very successful operation.

We've got a lot to sell, we've got the finest sites in the United States for industry. We've got that great Mississippi River, which is a tremendous asset. We've got coal, which gives us very cheap electricity by comparison to many points. We've got a good labor market. That is, I mean we got a large supply of skilled and semi-skilled labor. We've got a big problem, but our problem is no greater in East St. Louis than it is in many other parts of this great Nation of ours and we're going to have to work together as a team, and we're going to have to work very hard to put this job over. Thank you

MR. LYONS: Thank you very much, Mr. Parks. I'm very pleased that you made that presentation, because I'm sure that others on the Commission such as myself have gotten the impression that private enterprise had abandoned the community. I'm glad to see that they haven't.

Mr. Burns? Is Mr. Kenneth Hall present? Would you please also come up? Mr. Rufus Burns, I am sorry but I don't have a written description of who you represent.

Mr. Burns: We Need New Techniques

MR. BURNS: I'm one of the local school teachers in this district and I'm here today as Chairman of the East End Recreational Committee of Precinct 17 and 18. First, I would like to say, Honorable Senator and your Commission, we welcome you to our once well-titled All-American city.

What I will say will not be in line with what has been said, I will speak from the standpoint of being relatively young; therefore I am willing to accept change. I have watched the city die as it's dying, and I wrote a story some five years ago titled "The Death of a City." Since that time I have seen excerpts of my writing in the *New York Times*, the *Chicago Tribune*, but the *East St. Louis Journal* only published one phase of my story. They published it, and then they said "so be it," because they do discriminate. I would like to say at this time that this Commission will not learn no more than it already knows. You know the problem and no matter how many of these people you call up they're not going to enlighten you on anything that you don't know already. Therefore, I would like to say this, in comment to what Mr. Bush said this morning. Mr. Bush made a very fine point when

he said we need to go from the inside out. He might not have put it in those words but that's what I'm saying. The problem lies within the city, not the Ph.D. degree people coming here from all over the world saying you are behind, you are this, and you are that. The problem is we have too much red tape to try to get through.

While I sat and observed what was going on this morning there's only one person up here that struck my fancy, and that's this gentleman here. If you noticed this gentleman [stenotypist] he is softly hitting the keys. He's taking down more than a whole classroom of typists could take down because it's a new technique. That's what we need, we need technique, we do not need — and I want you to hear me loud and clear — we do not need the same standards and the same type leadership that East St. Louis has had in its past some twenty to forty years. These people in their way of thinking are what you might say a little antiquated, sir.

The United States is building an airplane called the SST at \$114 million. The United States has men in Vietnam that are being slaughtered at a rate of a hundred and something almost a week, so they say. The United States has rebuilt Germany. She's rebuilt Hiroshima, Nagasaki. She's rebuilt and developed cities that were torn down. Then, surely, if I may quote from my little story that I wrote, if it is with this type of thinking that we feel our boys and girls can look forward to a very bright future, I say that a city should not die within the light of a growing city.

One of the Commissioners here says he's acquainted with St. Louis as if to say at one time he was a resident of this great city. How then, would you tell me could a city die in light of a city that's growing in St. Louis? Just look west. St. Louis has the Gateway, St. Louis has the Downtown Center, St. Louis even talked to Mr. Walt Disney about bringing a Disneyland in; but yet just less than 10 kilometers, just across the bridge, we find sewers that are not even up to substandard. You can't breathe when you cross the bridge.

You talk about Monsanto. He told us about the wonderful businessman project of the Holiday Inn, where I have had the occasion to be there about four times; but most of my colleagues can't go, they can't afford it. We need to build inside out.

Yes, I do agree, we can't tell you nothing that you do not know, but I will be called stupid "because you're criticizing the power structure," which I am known for. I brought some clippings here that might not interest any of you, showing you that we've had parks here where children did not have restrooms. We have areas where our boys and girls have to go in the alleys to take care of their personal needs. Oh, this isn't new, everybody knows it. But like they said this morning, it doesn't concern across State Street so let it be, *c'est la vie*.

I check here, and I see where the EOC has received in the neighborhood of some \$5 million since its inception. Well, that's small compared to some of the EOC. I understand they get, \$12 million, \$15 million, \$16 million, and the poor citizenry is beginning to attack this. They say the programs don't work.

Wonder why you don't have this auditorium full? Just look out there? Aren't you disgusted at this turnout? I would be. You come all the way from Washington, D.C., for what? Less than a hundred people. But you see, it was not advertised, because it was not meant to be advertised. It was not meant to be.

If you're ready for me to shut up I will do that, but if you're not ready I want to say something else before I leave. I feel that you need to involve the common people that make up the city itself. You cannot involve the common people when you have leadership that's beyond their comprehension. And when I say beyond their comprehension, I'm saying it as a qualified individual. I believe that my professional training is competent for the average person in here. Although Mr. Lucas criticized me, I couldn't criticize Mr. Lucas, but since I see him I want him to know, brother, I had something for you, they just wouldn't print it. Yes, they wouldn't publish it. They told me you come get this because we don't want that to be said. I said, "Thank you, I'll come and get it."

Now, before leaving I wish you would go back to Washington. I wish you would say, as the young lady said — she didn't have too many words — she wanted to know, did you see the city? She said: "Did you see the city?" You say, "Yes, we went on our tour." So she said, "Well, I can leave."

And I'm going to leave with that. If you've seen Rush City and Tudor Street, where we have no lights — we have holes in the street, you drive your Cadillac over there, go down in it and somebody has to pull you out — you don't need all this stuff, it's all here. It's all here.

This machine — I would like so much for us to have a vocational school where we can take little boys and girls that do not have this high I.Q. But they do, you know, have little fingers that you could develop in training and I tell you what, you wouldn't need a union if you give him the chance, if he got the training, you don't need Local 100, because Local 100 don't know what that machine is.

MR. LYONS: Mr. Kenneth Hall, House of Representatives of the State of Illinois.

MR. DOUGLAS: *Mr. Hall, we're very happy indeed to have you here. We appreciate your coming and your counsel would be most helpful.*

Rep. Hall: Status of Significant Bills

REP. HALL: Thank you, Senator. Ladies and gentlemen of the Commission, I'm indeed honored to be here this afternoon. I'm sorry that I missed the other session. I've been out of the city, and I didn't have any advance notice. I just want to say that some of the things that have been said here, I want to agree with. I'm happy to know that this Commission is here in this area, the district I represent.

This vocational school that the other speaker just mentioned — as you know, Senator Lyons put a bill in the hopper for it this last ses-

sion. Of course, we are just having a continuation of the session now, and we're still working and hoping that we're going to eventually get that vocational school out.

As one of the sponsors of freedom of residency, as we often refer to the open housing, we put in numerous bills, and as you have said, Senator, that it went through our House but they have been knocked down this time. We're going to go back in session Monday and we're going to put several more in. We're not too optimistic about getting them passed right now, but we're going to keep throwing it out. I just wanted to say that I didn't know I was going to be called on here today. I didn't prepare anything, but once again, I want to welcome you to this area. I'm indeed happy and honored to be here.

MR. DOUGLAS: *Well, thank you, very much.*

MR. LYONS: That exhausts our list of those who indicated that they were present, and who had previously indicated a desire to make an oral presentation. Those who did not answer when we called, again, are Mr. Ernest DeWeese, Miss Dolores Williams, Miss Riba Williams, Mr. Ray Navage. Are any of the four in the room? Mr. DeWeese.

Mr. DeWeese: Troubles of the South End

MR. DEWEESE: Thank you, Mr. Douglas and panel, and ladies and gentlemen. The problem I come up with is this: I live in the South End of East St. Louis, and I took it on myself to come up here and represent the South End. We have many problems out there:

Police problems — if we have any trouble out there we can't get no police protection or nothing. We have bad lighting out there. And another thing, if they pick a boy up on suspicion of something they take him over to Belleville and put him in jail and they hold him there a couple, three weeks, maybe a month; and when they let him out he's got to pay room and board although he's not guilty. He's still got to pay room and board.

There's a number of things that I know you gentlemen went over in the South End. You haven't seen the South Side, and they're not going to take you over on a tour to see the South Side. That's all I have to say, thank you.

MR. LYONS: Yes, we were there. Now, Mr. David Owens, State Vice President of the NAACP. Mr. James L. Epps, Mrs. Claryce Braddix.

Let us proceed with Mr. David Owens.

Mr. Owens: Provide Job-Training in Building Crafts

MR. OWENS: Senator Douglas, Chairman of this Commission and other members, I did not want to miss a chance to have placed in your record for your visit here perhaps one area of problem that has to do with the concerns of the East St. Louis area. I have listened with a keen sense of interest to the many very fine reports given here today involving all of the statistics that went over several weeks, months

and years of compiling, much of which perhaps you already know. I've also listened to some of the problems projected as results of these many studies which most of us are very well acquainted with. I've even listened to some of the proposed solutions to some of those problems, and I feel that all are good. Therefore, perhaps if the scripts and documents that have already been presented would have been looked at very carefully, much of this discussion would not have been necessary.

I find myself at this time somewhat confused as to the real purpose of this hearing; whether or not the Commission here has come to this community and has done other studies for the purpose of providing the kind of information to the President and to the United States Senate by which a large portion of the red tape that has muffled and stifled most of the communities and prevented programs from being initiated on the local level will be eliminated as a part of their recommendation once they hear what the real story is. I'm hoping that this is true. If this is true I did not want to miss a chance of presenting to this Commission something that they might hopefully carry back as a part of their recommendation as one of the specific solutions to one of the most outstanding problems that we have here in East St. Louis. Statistics have already been given to support this problem, and I believe the whole future of this community might emanate around it. And that is the problem of employment. Employment is the number one problem.

Now, we have had all of the speakers allude to this particular fact. We've had them all suggest in part what some of the solutions in this area might be. You've heard the story of the Manpower Development Program, which spends millions of dollars in this community. Most of the training that is offered has been styled as marginal training, which does not meet the needs of this community. You've also heard about the Manpower Development Program and the apprenticeship training programs that they now have going that have not met the real problem of the community. Most of these programs under the Labor Department that have been extended to this community are so tied down with red tape and so controlled by the unions that they would never really serve a useful purpose in this community, in spite of the millions of dollars that's being spent to fund them.

We simply say the solution is a very simple solution — one that has now been made in preparation for submittal to you and to the Department of Labor and the Nation. That is a program that will provide immediate jobs. I think "action" perhaps could be the most unique word that you could use in your recommendation, "action now." Cut out the red tape, let's provide some funds, set up some programs, and let's get something under way in East St. Louis. One would have to go with a meaningful program that will provide training skills for individuals for the market available here in East St. Louis, and that is in the area of construction.

Meaningful job opportunities are available in spite of a recent study here that indicates there's no need for training people in this area.

We've conducted surveys with all of the persons who consider themselves as experts or journeymen in this area and they have indicated that with the necessary funds they could train some of these persons who are now displaced because of employment. They could train a man within a year's time where he could take his stand on the journeyman line with other journeymen, with the contractors in this particular area. They have indicated also that there are other market values for these kinds of skills; that if the union failed to take the man, the individual can go out on a contracting basis of his own. They say that if they had these people, if the community or a program would provide this kind of training they would really find placement for these people in this community.

This is what is needed in order to overcome all of the evils that involve the social structure. This is the thing that will break through the mass of red tape that these people here are confronted with in the area of trying to provide housing to the urban renewal programs; and the area of trying to follow through and support Demonstration Cities and all of the other programs that have been submitted, with all the statistics and with all the information that is necessary for anyone to know. But when it comes to firming these programs down through this long rigid setup of departments, then the programs lose their value; and before they get to the community they have no meaning whatsoever.

I would beseech this Commission today to recognize that the most important thing they could recommend is a program that will overcome the many disadvantages in the area of skills. This is one of the most immediate problems that needs to be met in this community. And I submit to you this job-opportunity training program in the craft trades that has not been provided in this community, and everybody knows why. Thank you.

MR. LYONS: Next we will hear from Mrs. Claryce Braddix, a citizen representing herself.

Mrs. Braddix: Reasons for Youth Violence

MRS. BRADDIX: Thank you. I am here as a citizen and a mother. Everybody talks about East St. Louis — its problems — but one of our major problems is just barely touched on. Employment is very important. If there were more children in here employed they wouldn't have time to think of violence. As you know, we had violence in our city about three weeks ago, but it wasn't important enough — this didn't mean enough for our mayor to even call a special meeting of the committees he had formed to investigate this. The date had been set for a committee meeting, and this was good enough — we could wait until then. The violence cost the merchants \$500,000 and the city \$4,000 in taxes. They claim all fingers are pointed at IMPACT House. This is where all the hoodlums meet. They caused the destruction. With \$500,000 they could become constructive, with guidance and

leadership. There are people here in the audience — educated, intelligent. These kids begged for guidance from adults; but you think the IMPACT House is a place that houses reptiles, poisonous snakes, not people. These are Negro children, they don't matter.

Police brutality — it's a real thing in our city, a very real thing. They begged — on the first day of August the Mayor set up a committee to investigate police brutality. They begged to have a policeman on the committee so that all the truth could be found out. If they weren't aware of them, which they are, then they could very well become aware of them. They refused this. That was the first day of August this year. Until now, this committee has taken no action, but the problem's real. So the kids rebelled. They don't want to be beat on, they're tired of being beat on. So what do they do? The first time police come along and abuse them, then violence breaks out. And all things are directed at the kids. If these kids at IMPACT are bad, why should we go to the Boy Scouts or to Sunday School? Those aren't the kids that need the guidance; basically they're good anyway, it's the bad ones that need it. But, in our city, if we go down there with this, the doors are slammed in our faces. Nobody hears us. Lock them up. This is it. Nobody hears us, and we do go. So this is our problem. Our children. But they aren't going to take it. However, if there was something for them to do they wouldn't have time to be out in the street.

Any child from the age of 15 upwards can go into a tavern and buy liquor. He can go into any place where there's gambling and gamble. And you know what? Our policemen are right there indulging in it with them. But the minute he says something to one, and he says something back, he gets hit on the head. But this isn't police brutality, and this is why the Negro youth in East St. Louis is fighting back. He's fighting back because he doesn't get the guidance, he doesn't get the leadership that he needs; so he strikes back the only way he knows how, with violence.

Three weeks ago had you come to Fifteenth and Broadway you would have thought maybe you were in Vietnam, not the USA. I'll venture to say at least 75 percent of our entire law enforcement body in Illinois was there. They were there helmeted, all with riot guns, shotguns, and machine guns, with three or four hundred children on the corners. Where were their parents? I don't know. I wish I knew this answer too, because they are our children. I was there because my child was there. Had a balloon burst loudly in the crowd there would have been a massacre. But this was unimportant. This was not important enough to call a special meeting.

A committee has been set up to investigate this, but until now nothing has happened. So this is what we face. A Negro child is killed; it's justifiable homicide. A white child is killed; it's murder. There is no need for this, and if you can, please find some way to help us here, we need help with this problem very badly. Thank you.

MR. LYONS: Mr. James L. Epps, a real estate broker.

Mr. Epps: Freeing Up Housing for Negroes

MR. EPPS: Thank you. To Senator Douglas and to the panel members, I am a real estate broker here in East St. Louis. Also Chairman of the local branch of the NAACP. Specifically, Senator Douglas, I would like to address some of my comments primarily in regards to the program that you have mentioned regarding dispersal as a means of alleviating overcrowded conditions in the ghettos. I might add I was born and reared here in East St. Louis. Until the Forties, south of Broadway was considered the Negro area and, of course, during the Forties — during the War, I think it was — the first mass of Negroes moved west in the town. Later on, into the Fifties, they began to go east of Bond Avenue and now, of course, they're going north and northeast in the city. The thing that has happened along with this dispersal is the fact that as the Negroes have moved in, as is happening in many areas throughout the country, the white people who were formerly residents of the community have moved out. So the question that I ask hinges on many of the things that have been said here today, particularly regarding some comments that Mr. Smith made having to do with integration.

And, of course, I ask the question: Is integration in housing a desirable goal? And if this is true, then somehow — I don't know if this Commission will be able to come up with the answers; I don't know if the individuals here in the audience will be able to have answers for the particular questions — but somehow this question will have to be reconciled. That is, once these communities begin to become integrated — Negroes begin to move in — what is going to be the stabilizing factors there, so that three to five to ten years later they will not become totally all-Negro neighborhoods? To me, if integration is a desirable goal, then an all-Negro neighborhood is not getting to the problem of integration. I think, as I said, somehow this question is not only here in East St. Louis. This is not just a local problem, this seems to be one of the major problems all over the country. I hope that somehow in making recommendations when you return to Washington you will come up with some answers to this particular question.

I also noted that in your proposal, Senator Douglas, you mentioned the utilization of FHA- and VA-reposessed homes as a means of achieving this goal. Here in my hand is a list of available houses in the St. Clair and Madison County area that have been reposessed. Also I have a list of FHA homes here. Now, for the most part, these houses are managed locally by Caucasian real estate brokers. Now, they have not shown these houses to Negroes that are on the perimeter of the city where the larger subdivisions are and where these houses are located.

Along with these available houses there's also the problem of employment. As you know, when these houses are sold, the real estate brokers for the FHA are responsible for the repairing of these homes. During the time that the houses are vacant the proper management brokers are also responsible for maintaining these houses. Now, not a

single Negro touches these houses during the time that they are prepared, and maintained. This even goes for mopping the floors, washing the windows, conditioning the floors. Not to say anything at all about your painting or plumbing or your heating — anything of this sort.

This is a tremendous problem. I have seen license plates on automobiles of the repairmen that are from Missouri. Many of the men who are the repairmen for these homes come all the way from Poplar Bluff, Missouri, here to East St. Louis, where we have a very high incidence of unemployment and underemployment among Negro males. This is another problem that must be reconciled. Federal funds are being used, and in some cases these homes are in predominantly Negro subdivisions, yet not a single Negro contractor touches these homes. That even goes so far as to cutting the grass. The contractors who have this job are all Caucasians. They cut the grass; they trim the hedges; they are paid for this. Federal funds are involved. Not one Negro is included in on this.

And I would also like to make some recommendations — insofar as the red tape has been mentioned — about processing of the applications, for instance, for the Denverside program, for the Central City program, and for ordinary FHA applications — FHA and VA. It seems as though housing problems in this area are so acute that what is needed is a local HUD office here to serve the needs of this particular community. We have one in St. Louis; however, it will not serve the needs of this particular community. We have to go to Springfield, and we have to go to Chicago, and in some instances all the way to Washington before these applications are finally completed.

I also would like to make a recommendation for incentive to the building industry, that some concessions be made, such as in the points that are charged to the seller; so that the homebuilder will be able to make up the difference in money whereby he built on a private basis. This would be an added incentive to build in the ghetto, to build low-income and middle-income housing for Negroes. This is an area that has been almost exclusively bypassed here in this town with rare exceptions. The middle-class Negro has not had a large scale of homes available to him. This is another very serious problem in this particular community. Thank you.

MR. DOUGLAS: *Is there anyone else who wishes to testify? I want to thank you all for coming. We've had some lively sessions, some frank talk. It's the way it should be. We're very appreciative, and we'll do our best. I want to thank Mr. Lyons for presiding, and to thank the Commission members for coming great distances. This concludes the hearing.*

(Adjournment.)

STATEMENT SUBMITTED BY ILLINOIS STATE SENATOR PAUL SIMON

When my esteemed friend, Senator Paul Douglas, asked me to testify, it was suggested that among other things I should speak on the state's role in meeting the urban crisis.

This is not an easy assignment, coming from Illinois where we recently had a six-month legislative session which, with the exception of a few housing bills, in reality pretended that Illinois and the Nation face no urban crisis. We did authorize the School Problems Commission to establish a subcommittee to study the urban school situation, and we did adopt a resolution I introduced calling for a study of possible State aid to cities on the basis of need. But action of substance did not take place, and I suggest to your Commission that it is not likely to take place within the next few years. The reasons include these:

(1) State legislative bodies are almost totally without staff. This makes in-depth probes rare between sessions. And during a session when we must vote on 4,200 bills in Illinois, for example, we hardly have time to hastily read the bills, answer our mail, take phone calls, listen to the legitimate pleadings of lobbyists, and keep a few political fences mended. This means that to a great extent that even the most dedicated legislator must react to pressures rather than needs.

(2) State legislative bodies are representative in many respects. There are lawyers, doctors, journalists, businessmen, farmers, housewives and funeral directors in our midst. But economically we are all in the upper- or middle-income brackets. There are no poor in the legislative chambers. And those of us who try to speak for the poor often find honorable, capable colleagues unable to comprehend the problems faced by the poor. These colleagues represent public opinion as they hear it, as expressed by the articulate within their districts. The poor and desperate, who may not even know we are in session, are audibly silent.

(3) State legislative bodies have historically been the "happy hunting ground" for powerful economic interests. Up to this point, these special interests have been too shortsighted to see that they have a great stake in the lifting of the cities.

(4) The financial problems which states face in maintaining existing programs almost preclude serious innovative programs to meet urban problems. California is a prime example: Governor Reagan ran on a platform of reducing costs, but ended up with the largest budget increase of any state in U.S. history. In the past session in Illinois we tried to get \$2 million for a desperately needed vocational training program for the East St. Louis area, but it was voted down. In the minds of a majority of my colleagues, existing state programs took priority in the budget.

(5) In many cases the structure of state government makes effective aid to the cities difficult. While I have initiated action for a study of possible state aid to cities on the basis of need, there is a real constitutional question whether any direct state aid is possible, even excluding the need factor. In neighboring Kentucky, state aid to cities is clearly unconstitutional.

For these reasons, and others I could cite, it is unrealistic to expect the states to play the major role in meeting what is not only an urban problem, but an urban crisis. Nothing would please me more than to see the Illinois General Assembly, by decisive action, prove these words incorrect.

Among things which states can effectively do within their present structure with no sizable additional outlay of funds:

(a) Improve the quality of police work. I am attaching a copy of a talk I made to the Illinois State Historical Society 10 days ago, "Riots in Illinois History."¹ While the basic cause of riots has never been improper police work, the relationship between the police and an aggrieved group in society—the Negro today, and labor in the days of the Haymarket and Pullman riots—has frequently been the spark which has ignited violence. States can see that police have adequate salaries and training, including some training in the area of human relations.

(b) States must see that all citizens are given equal educational opportunities. This means improving the inner city curriculum offering, the student-teacher ratio, and somehow offering an incentive to the finest teachers to stay with those who need help the most. States can also encourage suburban and rural high schools to have exchange students—not only with Argentina and Finland—but also with Chicago and East St. Louis.

(c) A great resource that as yet has not been fully tapped is the state university. Unfortunately, up to this point there has been tragically little difference between

¹ In Commission files.

the type of program offered at the Chicago Campus of the University of Illinois, for example, and the campus at Urbana. Future university campuses in Illinois and other states should consciously be planned to help meet our urban problems, and not be removed from the realities of the needs of today's society.

(d) States can make clear that all citizens have the right to rent or purchase property wherever they want. This will not drastically alter present housing patterns, but gives hope to people who need it and establishes a principle which is fundamentally sound.

(e) Employment programs should be re-evaluated constantly, as should vocational education programs.

(f) Welfare programs need restudy, and here the Federal Government could help by permitting the states more flexibility, while insisting on minimum standards.

Other items could be added, but these are sound suggestions which will cost the states little and should bring great dividends.

Having this opportunity to speak to the group which may help to shape the methods by which our Nation meets this urban challenge is also a good chance to put in a word for the types of Federal programs I hope you will at least carefully research and consider. Here are a few:

(1) I am attaching a copy of a speech¹ given to the Springfield Press Club in May urging a program of Federal income-sharing with the cities. It has a sliding scale of support, recognizing that the heavily populated areas have more severe problems, but offers some assistance to all cities. This should be given to the cities with a minimum of controls, so that really innovated programs can result. Under this plan, St. Louis would receive \$42,600,000, East St. Louis \$2,451,360, and Chicago \$266,280,300. It should be able to halt the vicious cycle of increasing property taxes, which causes people to leave the city, which causes a further increase in property taxes, etc. The annual cost of this program would be \$3 billion — enough to drastically improve the quality of city living, about one-tenth of what we are now spending in Vietnam, less than one-half of 1 percent of our gross national product, and less than the annual increase in tax revenues which the Federal Government experiences, assuming a constant tax levy.

The cities face great difficulties because of their tax structure and need help that is not of a categorical nature.

(2) There has been much talk about a negative income tax or a guaranteed income. There are problems with any such program, one of the problems being its political acceptability. But many who live on poverty's edge could be helped if this concept were applied to two groups: Those over 65 years of age and those employed who are paid below a livable wage. I believe the American public would support programs to help these two groups. I am having research done right now on what the cost of such programs would be at various levels, and when that is available, I will forward it to your Commission.

(3) All able-bodied people who are high school graduates or who are 18 years of age or over should have the chance to work. To the extent that this work opportunity can be provided by private industry rather than the government, to that extent we will have a healthier program. But industry needs greater incentives to employ those who have not developed good work habits, and who have been out of work for a long period. A program for these people might include 80 percent payment of the employee's wage for the first year of employment, providing they are learning a skill, 50 percent the second year, and 20 percent the third year. Many a cabinetmaker, printer, or other industrial employer might welcome such a program.

(4) We need to re-evaluate the present means of communicating job opportunities. The recent experience of the Columbia Broadcasting Studio in Chicago is graphic illustration of this, when they were swamped with 25,000 phone calls from job-seekers when they offered situations over the radio.

(5) The multiplicity of governmental units should permit some experimenting with subsidized public transportation, which may be cheaper than constantly building more expensive expressways, which in turn invites more traffic. Good, inex-

¹ In Commission files.

pensive transportation must be made available from the pockets of unemployment in the city to the areas where jobs are available, but housing may not be. In Chicago the Tri-Faith Employment Program found that less than one in five of the applicants seeking jobs owned automobiles. This means public transportation must play a key role if many of these people are to find work at a livable wage.

(6) The draft should be almost universal in application, and those who cannot read and write, who have no skills, can perhaps spend half of their two-year military period learning skills which will help the Nation's defense, as well as the Nation's economy.

(7) Whether it is called a rent supplement, or a lease program, or whatever it is called, some major emphasis in this area is essential for any sound housing program. Present Federal appropriations are hopelessly inadequate.

(8) I am meeting with some of the major housing developers of the Nation, trying to develop a program which recognizes two realities: first, that the ghetto is by its nature undesirable, and housing opportunities must be provided in new suburbs; secondly, that the ghetto is going to be with us for at least another three decades, and we must make it as livable as possible, with decent housing and sanitation standards there. I hope to be able to send you at least one proposed solution to this complex problem within two months.

(9) Our air and water pollution laws needs strengthening. I confess it was disheartening to read in yesterday's newspapers that a major offender in the water pollution field, the Corps of Army Engineers, plans to continue polluting the waters of Lake Michigan. If those who heard the Corps of Engineers cannot take firm, imaginative steps to halt their own pollution activities, then the President ought to see that there is a shake-up at the highest levels of that organization.

(10) We need more Federal encouragement to states for conservation programs. In Illinois, for example, some of us are trying to get a good park in heavily populated Madison County, along the Mississippi River where Lewis and Clark started their famous trek. If additional Federal encouragement were available in the form of more funding, I would be more confident about winning this battle for the people.

I could go on but I have taken too much of your time already. You have my best wishes as you tackle the most important domestic problem we face.

Washington, D.C.

Commission Members Present: CHAIRMAN PAUL H. DOUGLAS, DAVID L. BAKER, HUGO BLACK, JR., LEWIS DAVIS, JOHN DEGROVE, EZRA EHRENKRANTZ, ALEX FEINBERG, JEH V. JOHNSON, JOHN LYONS, RICHARD W. O'NEILL, RICHARD RAVITCH, MRS. CHLOETHIEL WOODARD SMITH, COLEMAN WOODBURY.

The final two-days of public hearings in Washington, D.C., began with a session on improving housing and neighborhoods in the crowded inner city.

*Shaw Junior High School
7th and Rhode Island Avenues, N.W.
Washington, D.C.
Morning, October 28, 1967*

HOUSING IN THE INNER CITY

Introduction

MR. DOUGLAS: Our Commission is delighted to be here at the Shaw Junior High School today. The Commission's first meeting was held last May in Washington, D.C. Since that time we have held hearings in 17 cities, in every part of the country. We have heard about 450 witnesses. We have spent 38 days in hearings and meetings. We have been in slums, blighted areas, urban renewal areas, public housing and rehab projects, and have visited vest pocket parks, community schools, and poverty organizations.

We have made every effort to see as well as to listen. I think we have been in both the worst slums and the best subsidized housing projects in the United States, one of the very best of which was designed by a member of our Commission, Mrs. Smith. We are now concluding our public hearings.

The President asked our Commission to examine a number of very specific problems. First, we were asked to determine how an abun-

dance of housing could be supplied to Americans with low incomes. How can we reach the goal of the 1949 Housing Act — that every American family should live in a decent house in a suitable living environment? That is the most important issue before this Commission. How it can be accomplished in the inner city is the essence of our hearings here this morning.

In addition, we were asked by the President and by Congress to examine the problems of zoning and land use, development standards, building codes, housing codes, local and state fiscal and taxation matters, and Federal taxation as it affects housing.

It is impossible for us to examine each of these issues at every hearing. We therefore try to concentrate on specific subjects or issues during each session.

Today we will examine the problems of housing in the inner city. Tomorrow we look at zoning and land use and the problems of Government structure and finance in the outer city and larger metropolitan areas. In addition, we shall tour the Shaw area this afternoon before we hold a business meeting of the Commission.

We are especially pleased that one of our members, Mrs. Chloethiel Woodard Smith, is a resident of Washington, D.C., as well as one of the most prominent and, in my judgment, humane and able architects in the United States. She builds well and she builds for people. As I said, I think the best example of moderate-income housing we have seen anywhere in the country was her work in St. Louis.

It has been our practice to ask those members who live in the area where we are meeting to preside at our hearings in those places. I am therefore going to ask Mrs. Smith to preside at our meeting today and tomorrow.

I should also say that when we finish with the questions of our three main witnesses, we will welcome testimony from those in the audience who wish to be heard. We will hear from as many people as we have time for, and if we cannot finish by 12:30, we will make it possible for them to be heard at our meeting tomorrow morning or tomorrow afternoon.

Now, I want to call Mrs. Chloethiel Woodard Smith, distinguished architect of Washington, D.C., to preside at this meeting.

Mrs. SMITH: Thank you very much, Senator Douglas. I think it is important that we get started, because everyone has a lot to say, so let me tell you about the three witnesses:

We will hear first from Reverend Fauntroy, who works with the daily problems of trying to rejuvenate the Shaw neighborhood of Washington which surrounds this school. What are the problems? What seem to be the solutions?

Next, we want to tap Dr. Morgan's long experience and study to ask about his philosophy of community. What is a good community? How do we attain it, especially in the context of the central city of the metropolis?

Finally, we want the prospective of Miss Lowe's recent and extensive survey of what cities are attempting to do across the land. Do certain

keys to success for the inner city emerge? Are the trends hopeful or otherwise?

I would like to introduce the Reverend Walter E. Fauntroy,¹ who recently was named by President Johnson as Vice Chairman of the new City Council of the District of Columbia. Reverend Fauntroy.

STATEMENT BY THE REV. WALTER E. FAUNTROY

REV. FAUNTROY: Thank you very much, Madam Chairman and members of the Commission. I appreciate this opportunity to participate in this important series of hearings. I want first to welcome Senator Douglas to our community. We know of your unfailing efforts, Senator, to give our Nation enlightened and creative leadership in dealing with the problems of our central cities. We warmly appreciate the keen and responsive ear you always turned to us on District of Columbia problems as well as those of civil rights across the Nation. The President could not have chosen a better person to head this Commission than yourself.

I need not pause here to tell members of the Commission that the crisis in our cities is the most urgent and crucial problem facing our country today, at home or abroad. The urban riots that have swept our cities in recent months have spoken eloquently and tragically to that point. I need not remind you that our inner cities are becoming increasingly reservations for our poor and largely Negro masses while being ringed by bedroom satellites that are the refuge of the affluent and the white citizens of our community. I need not warn you that if our Nation continues this trend toward poor, black central cities and rich, white suburban citizens domestic disaster is inevitable.

All of us know that the Negro American bears increasingly the painful brunt of the systematic strangulation of our cities, that we are caught in a vicious cycle by which we are confronted with housing in which we are exploited, trying to send our children to schools that are neglected in which they receive an inferior education, thus forcing them to take lower-paying jobs and, in turn, again live in housing that is exploited, and to send their children to schools with marginal education and to take the lowest paying job, return to the ghetto — so the cycle goes on and on.

Renew with People in the Area

I want to welcome the Commission here today to the Shaw community, a community that is desperately trying to break that vicious

¹ Pastor, New Bethel Baptist Church, Washington, D.C. President, Model Inner City Community Organization (MICCO). Director, Washington Bureau, Southern Christian Leadership Conference. Vice-chairman, 1966 White House Conference "To Fulfill These Rights"; D.C. Coordinator for Civil Rights March on Washington, 1963. Board member, Washington Home Rule Committee; Washington Planning and Housing Association; Washington Center for Metropolitan Studies; United Planning Organization; Leadership Conference on Civil Rights; Committee on Urban Conservation.

cycle and remove it in three ways — with the people who live here, by the people who live here, and for the people who live in this community. And without going into too much detail about the Model Inner City Community Organization [MICCO] or about the Shaw community area, I simply suggest in my remarks this morning that this kind of attack on the problems of our communities is the only remaining hope, in my judgment, of dealing effectively with them. I think if we are to meaningfully deal with slums and blight, we must first renew our communities through the central cities with the people who live in them. And by that I mean we must be involved with people who live in the affected areas, in the slum areas. They must be involved in the planning of an area and its renewal as planning is developed, and not after planning has proceeded and been concluded on the part of public agencies.

We all know the tragic history of urban renewal in some communities and in the Nation that has resulted in the systematic removal of poor people generally and Negro people particularly from valuable downtown land. And we feel that people need to be provided the kind of confidence, the kind of resources to organize themselves, to participate in planning as it develops, with the necessary skills to lend professional form to their views as to how their community should be renewed. Most important, we feel our communities have to be renewed by the people who live in the area. And by that I simply mean people who live in our depressed ghettos ought to the extent possible make the money involved in the renewal of a ghetto.

The tragedy of public spending across our country on housing for the poor is that you can go, for example, through thousands of public housing units built at the expense of millions of dollars by the Federal Government. And yet not one person living in that housing made one cent laying the brick or putting in the electric fixtures, or putting in the plastering or painting. That money was made by the same system that provides the bricklayers and carpenters, electricians, and plumbers with funds to go to the suburban communities and buy housing. We do not mean with the title "public housing," but housing which is publicly supported housing anyway. We call it FHA and other federally financed housing.

Equip Ghetto Residents with Building Skills

If we are meaningfully to deal with the problem of economic security in our inner cities, we have got to make it possible for the people who live in the ghettos to make the money involved through the labor of their hands. For that reason we hope in Shaw and, we hope, in communities across the Nation, training programs will be focused upon the people in the communities to be renewed, to equip them with the skills required for renewal as bricklayers, as carpenters, as electricians. Not only that, but that effort will be made to involve their more fortunate cousins who may have graduated from Tuskegee

or Hampton Institute in the building construction trades and management and to make some of the money as sub-contractors. Because, here again, the people in our ghettos, and particularly the black people in our ghettos, and their brothers who are trained architects, are not able to make the 5 percent in the design of the house. Nor have their brothers, who are lawyers, been able to make the fine enormous fees involved in the processing of publicly assisted housing. So, in that way, we say the people in the communities ought to participate in the making of the money involved to deal with the severe problem of economic security. Not only that, but I would agree with the growing trend to stress the need for incentives to industry to locate in the ghetto communities in a fashion that those industries and businesses not only serve the people there but sustain them. By that I mean simply that in the simple construction of housing with Federal assistance we know there are a lot of refrigerators that will be sold, a lot of stoves that will be sold. Effort should be made, working with small businessmen in the ghettos, through small business development assistance, to enable them to handle the franchises for the sale of the goods and services that will go into the ghetto community.

The ghetto community needs to be developed not only by the people, not only by the construction skills that must be imparted to the people, but also in terms of the businesses and business opportunities that are made available. This, in a fashion that the people benefit from the businesses not only through the service but through the sustenance of owning them.

Finally, I wanted to say, in light of the automation revolution that is sweeping our country, an effort has to be made toward job development in the realm of human services. With an automation revolution that is displacing people at the rate of 35,000 people a week or 2 million a year from unskilled jobs, we will never deal with the central city problem until we put people to work creatively, meeting the many needs of the community.

I would just like to give one simple need as a case in point. I think of the Teacher's Aid Program, which has the prospect of putting people now on public welfare to work at a meaningful task of assisting teachers at the schools that are overcrowded, at the schools that are neglected, so the teachers would be free to do teaching and not essentially discipline. This would not only afford many people who are on the marginal level of income because of public welfare to make money but it would make those public funds available to them with dignity and not as a dole. It would make money available to them as public money has been made available to millions of Americans, which has led to independence.

Aid Without Stigma Except for Poor

I found myself quite disturbed over recent months by the fact that we in this country have a way of referring to public funds when they

are expended to poor people in general, or Negroes in particular, as somehow being public welfare. But when we expend public funds for white people generally, and the rich in particular, we don't call it public welfare; we call it something else. When we give it to millionaires in Texas we don't call it public welfare; we call it all depletion allowances. When we give to to millions of white people for suburban housing, we don't call it public welfare; we call it FHA-financed housing. When we give it to farmers not to plant crops, we don't call it public welfare; we call it farm subsidies.

We have got to move to the point in this country where we creatively use public funds in a fashion that is made available to poor people generally with dignity, and in a fashion that leads to independence. When we can spend massive sums of money in the ghettos in training people in the skills of construction to make it possible for them, in fact, to build the houses in which they will be living it will be the kind of creative use of public funds that made possible the blossoming of the West, when we gave people land to till and land grant colleges to educate them — and then gave them subsidies when they grew too much food.

So the most important aspect I feel, the most important hope, for the renewal of the ghettos is to creatively use public funds in a fashion that people living there may find the area renewed by them and not simply for them. Finally I want to say, if we are to renew our communities as we are to deal with the slum conditions and blight in our inner-city areas, we have got to deal with it in a fashion that results in hope for these people who live there.

Housing must be in a range that the people in our central cities can afford. I need not remind you of the fact that private enterprise is simply not providing houses for lower-income people, and I hope that our director of planning at MICCO will stress the point later on the changes that need to be made in our housing legislation to enable housing to be provided in the volume necessary to deal with central city problems in the lower- and moderate-income range. And if this is to be done, then we've got to provide massive doses of Federal funds for the rehabilitation of housing in the ghettos and for construction of housing within the range of people who live in the area.

I have become so very keenly aware of this in our efforts to survey and plan the Shaw area. The Housing and Urban Development Department has a \$15,000,000 reservation for the acquisition and development of housing. According to the plan on this 675 acres and all of our estimates, we need far more than \$15,000,000. We need about \$200,000,000 for just this 675 acres of land, to meaningfully transfer the use and control of the land from the exploiters of the poor to the people themselves, creatively, through programs that presently exist in our Federal system.

Homeownership for the Poor

Certainly we are going to have to deal creatively with the use of public funds to promote homeownership among the poor, homeownership that results in dignity, homeownership that results in people utilizing their land and their property in the fashion that most Americans utilize their property and their land.

As a case in point let me set an example of one person I know living in the Shaw community who has lived in one house for 35 years. I figured out he has paid for that house nearly three times [in rent] in that 35 years. And yet, if the owner wanted to renew it, Georgetown type, he would ask that gentleman to move within 30 days. Even though he had paid for it nearly three times over that period, he would have to move.

If it had been possible for that man to have owned that property, not only would he have dealt with this problem in dignity but he would have dealt with this problem with economic security in many ways. I know this gentleman, and I know that he could not have owned that property, because with seven children he could not muster a downpayment for that house over 35 years. But if he had been able to do that, then when one of his seven children had to go to college, he would not have had to go to the pawnbroker or cross the District line to some of the loan sharks to get him in school. He would have, like most Americans, mortgaged his property to send his child to school, and when he finished had the child pay off the remainder of the mortgage.

That is not possible for most poor people in the central city. Because of the fact of ownership not only do we have problems like that, we have also problems of the care of property. We have got to move in this country, I believe, to the level where creatively we can make homeownership possible through assistance programs.

If, for example, within our profit philosophy our Bethel Baptist Church — my church in this community — could sponsor rehabilitation of a given block of houses and then rent one to the gentleman in question with the option to buy, so that after three or four years of demonstrating that he can and will pay his rent, he will honor his obligations, the church could then deed him that property. Then, three or four years hence, when it became necessary for him to send his children to school, to deal with the problem of education in the ghetto, he, like most Americans, could use his property for his own gain. That simply is suggesting there are many ways we can improve the system of dealing with ghetto housing.

Finally, I know what I have suggested here is that we need to spend simply hundreds of billions of dollars in our ghettos across this Nation not unlike the dimensions of the budget suggested by the A. Philip Randolph Institute.¹ There are those who are saying this

¹ "A Freedom Budget for All Americans," drawn up for a massive attack on poverty, with a suggested expenditure of \$185 billion in the next 10 years. See testimony of Bayard Rustin, Vol. 4 of *Hearings*, page 121.

cannot be done, those who are saying our country is far too racist and far too limited in its vision, unable to grasp problem priorities and we'll never get that kind of money spent in the ghettos to deal with our problems. When I hear these prophets of doom speak, I remember there are those who told us, for example, in Birmingham, they will never change Birmingham, Alabama. In fact, we were told when we were planning that we shouldn't even call it Birmingham: "You should call it Bombingham, Alabama, because when the Negroes get out of line in Birmingham, they bomb." But some of us believed that we could change those conditions. And we acted on that belief, and that action resulted at least in substantive change in the law affecting Negro life across this Nation.

There were those who told us we would not change Dallas County, Alabama, and Jim Clark in Selma, but some of us believed in that and acted on that belief and achieved some changes in the voting right statutes of our country. I believe that while this kind of belief, established believability of America spending the kind of resources necessary to deal with the ghetto problems in the fashion I have described them, we can get out of the great crisis we are in in this country.

Finally, I want to refer you to words by Thomas Babington Macaulay, a 19th century British historian nearly 100 years ago, who wrote this to an American friend of his. He said, "Your republic will be as fruitfully plundered and laid waste by barbarians in the 20th century as the Roman Empire was in the 5th century, with this difference, that the Huns and Vandals who ravaged the Roman Empire came from without, and your Huns and Vandals will have been engendered within your own country by your own institutions." That quote has been a nagging and fearful expression upon my mind as I witness the despair and the almost psychotic nihilism that exists among people in the ghettos, and if we don't quickly and swiftly and decisively move to spend the necessary funds in our ghettos to deal with this problem, then Macaulay's prediction will certainly come true. It is my fear that it will come true. It is my hope that through the activity, the vigorous activity, of Commissions like this we can move to avert that kind of a tragedy. Thank you.

Mrs. SMITH: Thank you very much, Reverend Fauntroy. Before we go on, I notice that Mr. Carl Coan, Staff Director of the Housing Subcommittee of the Senate Banking and Currency Committee, is here. Thank you very much for coming.

I don't know whether it has been explained, but the way we usually handle our hearings, the three witnesses will speak and then the Commission will question them together at the end of all three speeches.

Arthur E. Morgan¹ is a distinguished engineer and educator. Dr.

¹First Chairman and Chief Engineer, Tennessee Valley Authority. President, Antioch College 1920-36. President, Community Service, Inc., established 1940 for study of small communities. Advisor on community development in Finland, India, Ghana. Author books and articles, including *Search for Purpose* (1955) and *The Community of the Future* (1957). Yellow Springs, Ohio: Antioch Press.

Morgan is still working vigorously at the age of 89 at his third career — community planning.

I introduce to you Dr. Morgan.

STATEMENT BY DR. ARTHUR MORGAN

MR. MORGAN: I am going to speak to you not on specific phases of the problem but as to methods of approach. One way of handling human problems is to say, "Here we are. These are our circumstances. How can we make the most of them?"

Modern science and modern technology are beginning to present a different method, a different approach. We can ask ourselves: "What are the overall purposes we have in view? To what extent may our circumstances and our powers make possible the fulfillment of those purposes as a rule?"

This latter method does not assume the continuance of existing circumstances. If the full realization of our best aims should call for very new and very different conditions, let us not assume that they are impossible until we have carefully examined them. Very often the limitations to fulfillment or hopes and aspirations are not inherent in things, but are in the limitation of our traditions and expectations and our insights. That second method of persistently exploring possibilities, even if they are beyond precedent, may open the way to unexpected values far beyond our expectations.

Referring to urban problems we may say, if we follow the first method: "The city is coming to dominate our culture, that is the way of the world today and tomorrow. Here we are. How do we make the best of it?"

If, on the other hand, we take the second course of inquiry, we may say: "Before we commit ourselves unreservedly to urban inquiries, let us critically examine every possible resource for human association." It may be that the best way to fulfill human needs will not come from the city as we know it, from the suburb as we know it, or from the small community as we know it. Perhaps our undisclosed possibilities for human life action are the fulfillment of possibilities which may not be in existence, that there may be better ways than anything we know of.

The use of that general process of trying to know all the circumstances involved in our undertaking is not usual but it is very productive.

I'm going to illustrate by a wholly different field of experience I had.

After the Great Miami River flood in 1913 I was asked to solve the flood problem for Dayton, Ohio, and eight other cities along the Miami River. I determined to look into every possible solution, whether it was recognized or not, as though we were exploring a new

world, regardless of whether that process ever had been used. Among the possible methods to consider was the building of large dams for flood control. We had no precedent for that. Nobody had ever done it.

For more than 50 years the Corps of Engineers had opposed dams for flood control. Since they controlled most such work in the country, the civilian engineers of the country had accepted their judgment and it had become almost the uniform engineering opinion that the method of using reservoirs was not desirable.

Now, I assumed that that probably was true, but we had a set principle that before we decided we would look into every possibility that could be presented.

Once I was visiting with Thomas Edison years ago, and in the conversation I turned to him and I said, "Mr. Edison, do you have a general method for solving problems?" He said, yes, he did, and then he outlined just the method that I have spoken of. Almost disregarding as authority the ways things had been done, but examining every new or old possibility, going to the limit of finding new possibilities, examining and comparing and finally by comparison and elimination, coming down to the answer. He said, "When I got to the answer it almost always had no relation to the bright hunches I had had."

People looked upon his inventions as being inventions of a clever man. They were the result of a process of persistent inquiry. That process is fundamentally desirable when we come to a great issue such as the American distribution of population, including the American city.

Examine Alternatives to Massive Metropolises

It is my opinion that there are very sound and serious questions regarding the wisdom of committing our national future to the alternative of the metropolitan life or the other elements of our population to suburban life or rural life until thoroughgoing and inclusive studies have been made. As we find them, they are not a measure of what is possible. They are a measure of what has grown up largely by habit.

I can't take time here to sum up the very explicit and very suggestive evidence that the metropolis has elements of weakness, has elements of harm that are far more than casual. For 30 years I searched the history of the world for a case of a large city that for a long period had maintained itself by its own birth rate. I found not one case that was dependably established.

In the past 10 years there have been pretty conclusive studies in this country indicating that, by and large, our urban population has a substantially shorter life than our non-urban population. That is not for any one cause, it is for a combination of causes. I haven't time to talk about those. I have a little statement along that line by Griscom Morgan which I will distribute afterwards.¹

¹ "Hinterland and Metropolitan Populations and America's Future"; see excerpts, page 380.

Now, we need to look not only at this disadvantage of the city and this disadvantage of rural life and this disadvantage of the suburb. We need to think of what are all the factors that enter into human satisfaction to the fulfillment of human life. What are all the factors that may interfere with fulfilling it, and what are the hopes of mankind with reference to human association? We need to look not only just into one of those factors or a few of them, but to look into all of them.

Yellow Springs: Pilot Small City

Some 50 years ago I undertook to possibly bring about on a small scale a pilot plan, an experimental trial of what could be done. The first job was to find physical location for human living. I searched the topographical maps of the country, picked out a large number of possibilities. I took one of our engineers, a graduate of Massachusetts Institute of Technology, released him from his other work, and had him spend a good many months exploring point by point for typical location which would be good physical sites for such a development.

Then along the way there turned up one he had not examined that was very promising. At the beginning, the first requirement was physical setting. Here was a physical setting that gave people dignity, beauty, and the simplicity and naturalness of life which childhood craves. This area was around Yellow Springs, Ohio. That physically was a good place. It had other advantages. There were only about 1,400 people there — not enough of them to obstruct exploration.

There were no destructive patterns of thought and action. To use a word, it was a blank. There was a tiny college, a dying college that had 30 or 40 students, and less than \$15,000 total budget. It wasn't big enough to be in the way. Beginning with that, we tried to consider all of the factors that enter into human wellbeing.

The site was good. There were no economic resources to make a living. What kind of industries would be wholesome? What kind would give diversity of opportunity? We didn't go out and get industries. We took our own young people and explored here and there in ways of economic development that would give the maximum of human satisfaction.

A town of similar size several miles away was settled by honest, able, intelligent Swiss Mennonites. They undertook to do something to keep their children at home. They spent 30 years in trying to build industries, with almost total failure. Why was that failure? They hadn't thought of the factors involved. They got right into the main channels of mass production and mass distribution where they were up against the biggest things in America. We didn't do that.

In the vast expanse of American industry there are many, many needs, persistent needs, further needs that aren't being fulfilled.

We picked out one here, one there, over a great range. Through several years we started a dozen little industries. We began some in cow sheds and barns because we had very little money. They gradually

grew up to where today they employ 1,200 people and do a business of about \$25,000,000 a year. They are serving not one kind of human need but many kinds. None of them is in a main channel of mass competition.

Human relations, and industrial relations, were included in our picture. We have good human industrial relations, for labor and capital are not at war with each other, fighting through the medium of the unions and management. There is a general attitude of normal human beings working together.

If we are going to have an association of people living together, they need to get over their little prejudices and little barriers of ideas. A great need is to have open minds, inquiring minds. They need to be explorers.

In developing our town, in pursuit of a spirit of inquiry, we started a number of research jobs in little cabins where we could get a little start. We hunted for people of research mind, and brought them in. This was a slow job. People told us it was impossible in a town like that to get people of the research spirit, and it was foolish to try. We worked at it. That spirit grew up a little bit, a little bit more, a little bit more. Today one of the plants of those research projects has an investment in building and equipment of over \$2,000,000. The annual budget in human research for that one project is about \$1,250,000. In the several research departments and plants in that little town where we started with 1,400 people — largely retired farmers — we now have 150 full time research scientists.

What does this do to a town? Everybody is asking questions. They are looking into this, that, and the other. We have a townfull of spirit, of inquiry and research.

In education we are going to bring up another generation in 20 years. How do you do it? We don't put them at a desk and give them a choice as to whether they shall be scientists or human beings. We require our young people to get acquainted with a wide range of fundamental human interest. And also to get acquainted with realities of things.

They study and they work. They study here and they work all over the United States. Some work in England and Japan. One of them spent a work period in a research project at the South Pole. They are getting wide experience. They come back and they are growing up, enlarging our industries and we are getting a quality of universality there.

We had a group of little churches, each one a little island by itself with little inter-communication. We set up a community council of civic-minded folks who are interested in the community as a whole. That action has reacted in many directions. Just now, for instance, we have united religious services in our town during the summer. All religious bodies from the Catholics to the Unitarians are pulling together on that undertaking.

Our local government was a dead little local government controlled by the county political machine. We remade that. We got an inde-

pendent council-manager government with its accessories. We now have one of the rare local governments in America.

We had a school system that was routine and uncreative. We remade that with a spirit of inquiry and ambition, and we have an able, fine school system.

What do you do with old people when they get old? They sit around in houses that were good for them 50 years ago, because it's hard to climb up and down the stairs. We worked out housing for our older people, fitted for older people, and don't they like it!

We developed a senior citizens organization with many activities, and now the State of Ohio is using that for its type of old-age organization. People come from all over America to look at our little senior community center for a town of only about 4,000 human beings. So we have gone on.

We haven't been uncritically captivated by this project or that project or other projects. We tried to see life whole, as it should be in an area of human occupation. In trying to answer all those questions we answered some we had not even asked ourselves. Possibly 20 percent of our population is colored. I think Yellow Springs probably has the best race relations of any community in Ohio. We have no segregated areas. I was told recently in our town there are only two blocks in the town where there are no Negroes living in the block or facing the block. As one drives through town, he cannot tell whether the houses he sees are occupied by Negro or white people.

We set up a Human Relations Commission, looking into human relations of all sorts. The student who drops out, the boy who drifts into town, the family which drifts into town not handling themselves very well. We have got social organization there. In the youth organization, young people are working together, colored and white, high and low.

Being a young person in Yellow Springs isn't a catastrophe. We have largely cared for, or dispensed with, many of the needs of the metropolis. People like our town and say they would rather live there than a metropolis.

I think if an organization like your Commission will ask, while you are looking at special problems, can you look at the whole problem of how people live — you will find that if we can assemble the values of the metropolis, which are very great, the values of rural life, which are very great, the values of suburban life, which are very great — though all of them also have very great disadvantages: for example, the little community doesn't think, it believes but it doesn't inquire, which isn't good, and I don't need to talk about its troubles of the metropolis — if we try to make an all over study, I think we can begin to set up pilot plan communities which will replace the primitive community, replace the suburbs and, to a large extent, make the metropolis unnecessary. In our study we need to know what are the values people crave. Some are values of the old rural communities: the freedom of outdoors and so forth; the neighborliness. But also we need the open mind that goes along sometimes with the metropolis.

We need the special facilities which we think of as related to the metropolis.

Explore Technical Possibilities for Human Living

We need to be exploring the technical possibilities of human living. A large part of all the values of the metropolis can be put into a limited size community.

In the community of the future one will go in the morning to a box in the wall and pick up the morning paper that was printed there by the radio overnight. It will not require me to read 50 pages, but will contain what I have had chosen out of all the range of human interests; these are what I want. They will come to me. We will need to have technical developments to do it. If there's a meeting anywhere in America I can sit in at that meeting by my fireplace.

We shall be able to talk to each other by looking at each other and talking to each other although we are thousands of miles apart. There are many technical possibilities that will make a small group community of a few thousand have nearly all the advantages of the large metropolis — not completely but to a very large degree.

We can get elements of value that the metropolis cannot have. We can get elements of value that the small community cannot have, and we can find the elements of human living that will make our present metropolis, our small community, our present suburbs look like the dark ages.

The possibilities of more favorable solution of living conditions are very great. It may be possible to get nearly all the possibilities of urban living, nearly all the possibilities of the choicest values of rural living, while avoiding the undesirable causes of both. Should the National Commission on Urban Problems make the most of its present instance it may go down in American history along with the Constitutional Convention of 1787 as one of the foremost factors in our national life.

Of course, considerations of patterns of population distribution call for a study of the effect of our financial system, which causes polarization in the Nation between metropolitan dominance and a hinterland of poverty. Such study may point the way to movements of populations toward optimum human aggregates. Thank you.

MRS. SMITH: Thank you very much, Dr. Morgan.

I would like now to introduce Miss Jeanne Lowe¹ who has specialized in the field of urban affairs for the past dozen years. Miss Lowe.

¹ Editor of Urban Affairs, *McCall's Magazine*. Author, *Cities in a Race with Time* (New York: Random House, 1967) and other books and articles. Director, Goucher College anniversary year program, "Human Values in the Emerging American City." Conducted special research study on metropolitan leadership for Committee on Economic Development.

STATEMENT BY JEANNE LOWE

MISS LOWE: Thank you, Mrs. Smith. Senator Douglas and members of the Commission, it's a great honor to be invited to testify before you today. I think there is a great need to move public opinion toward doing what is necessary to be done in this country. I hope I can make some small contribution to that end.

I am greatly impressed by the testimony of the gentleman who preceded me, and I heartily enforce their basic philosophy of community development. I think this is something which we should certainly try to crystallize in the minds of the public.

In Senator Douglas' invitation letter I was asked specifically to speak about how we can get enough good housing for our people; and so I'm going to confine my major remarks to that.

Many Programs but No Coordination

I would like to say by way of introduction that in preparing *Cities in a Race with Time* and thinking about what it all meant, and being given the opportunity of coming here and speaking to you today, what had struck me most as I considered our approach to our urban problems is our persistent, unending search for panaceas, coupled with our fractionalized, unplanned approach to organization, both federally and locally. We keep adding new programs to treat one or another aspect, but no one is looking at the whole picture. We are apparently unwilling to stand back and look at the logic of past and current trends, and then make plans. As a result, we just keep chipping away at the physical and social mess that plagues our cities, and new problems emerge before we have put the latest solutions into practice.

When I consider how much and yet how very little has been accomplished even in such outstanding "successful" cities as Pittsburgh, New Haven, or Philadelphia, and how very long it has taken them, with the goal still so distant. I have come to the conclusion that we need drastically new approaches.

Present Programs No Promise for Housing Poor

Until poor families in cities' slums, and in rural areas, have a living wage or income, we will not be able to realize an appreciable improvement in their shelter conditions nor speed up the renewal of our cities. None of the present housing programs promise large-scale solutions for the satisfactory housing of the urban poor.

For this I believe we require Federal urban policies which are now non-existent and also Federal coordination of Federal programs and planning. Rapid urbanization requires this. What has been going on

in this country for the last few decades? I am haunted by the headline of an article in the *New York Times*, which says, "migration of poor to the city likely for a decade more." We are not even beginning to solve our present problems and we are going to inherit a host of new ones unless we start acting now.

Specifically about housing programs, I will try to go through these one by one as I have seen them, working to consider what are the limitations and what are the problems.

We have learned how to cut housing costs down sufficiently for the lower-middle or working class market by using sub-market interest loans backed by Government loans or purchase, as well as, in a few localities, abatement of the real estate tax.

But these programs have built-in limitations which I don't feel, seriously, can be overcome, depending upon local and private action. Federally, of course, the amount of money available through Fanny Mae will limit how much 221(d)(3) can be used locally. But on the other hand, cities and states can do a great deal more. For instance, in New York City and State, government loans have been given to development of middle-income housing, and tax abatement is consistently possible for housing.

There is also the problem of getting knowledgeable nonprofit sponsors and of their getting front money or equity to get these projects built. I think we are managing to develop new community approaches, as Reverend Fauntroy mentioned. But much more technical assistance is needed by the sponsors. Local public agencies have to help them use the tools better. FHA is not interested in programming its special programs; so this has to be made up by initiative locally. I think that some of the new legislation for encouraging homeownership and encouraging private enterprise with tax depreciation allowances is promising and will fill in part of this lower middle-income group housing problem. But none of these will reach down and help the poor, and I think we are really concerned about what are we going to do about the poor in our cities.

We must also recognize that in order to use any federally aided housing program, a community must have a Workable Program and many of the suburbs or communities don't have any such program, so we are in a bind in trying to help those outside of the cities. We are building a self-fulfilling prophecy by being able to use the special assistance programs only in the places where the needy are.

Let's go over the programs we do have to shelter the poor. Each of these has severe built-in limitations.

Public housing was our original panacea. But in the 30 years since the public housing program began, federally, only 700,000 units have been built, and four-fifths of these are in communities under 25,000. Meanwhile, in cities, 4,500,000 units of urban housing are deteriorated or dilapidated to the point of needing clearance. Most of these, of course, are occupied. Countless more units, not measured by the Census, are severely overoccupied. There is no doubt of duplication between the number of shelter units I have given and the total urban

poor but in 1966, it has been estimated, 11,000,000 families in cities had incomes below the median maximum admission limits for public housing. Here we get to a very basic problem:

Public housing's financing formula does not cover the really poor. (You must remember that public housing was never intended for the poor, but, the housing people tell us, for working class people who had some income. That was the original approach in the Thirties.) The public housing operation has to be self-sustaining. Its operating costs and maintenance costs must be paid out of the money received from the tenants. As you know, these costs have risen a great deal. On the other hand, the incomes of the public housing tenants have not risen relatively. In fact, later on I can give some statistics on this which are rather shocking in light of the general rise nationally of incomes.

“Rich Poor” Subsidize Really Poor

What happens in effect with this financing formula is that the “rich poor” in public housing subsidize the really poor. The housing authority in Washington, D.C. has to raise both the maximum and the minimum income eligibility requirements in order to avoid insolvency. This is a shocker to me.

Now in dimensions of homes, at least half the families now living in dilapidated or seriously deteriorated housing that should be cleared have incomes of \$2,200 or less. This is the very poor group that cannot be housed in public housing.

Because of the relatively static income of the people in public housing there is a lower move-out rate, and so fewer units open up for those waiting their turn. In New York 100,000 to 125,000 people are on waiting lists alone, and this has nothing to do with the numbers who haven't even thought of applying or can't get units. You must recognize that many people are not going to be able to get into public housing. There is a tremendous conflict about those on welfare being socially “undesirable” to the housing authorities.

New York has an extreme example: 600,000 people are on welfare or public assistance, but only 8 percent of them, or 40,000, are in public housing. The rest of them, Commissioner Mitchell Ginsberg has said, are forced to live in seriously deteriorated housing which is inimical to health and growth, but at present they have no choice.

Of course you must remember also that many of the poor will never choose to live in a public project. This is one of the facts of life.

Housing Code Enforcement Not Simple

Now about code enforcements. This is one of the specific mandates you were given by President Johnson. You should remember two things which are points of history: First, housing codes as an answer to slums preceded public housing by a generation. They were the

original idea of the reformers in the early part of the 20th century, and it was their failure to make a significant dent in the slum problem — and of philanthropy at 6 percent to build sufficient low-cost housing to house poor people — that persuaded the housing reformers by the early 1930's that government-financed slum clearance and government-built low-rent apartments were essential to get rid of slums and to house the low-income or poor family.

When you enforce a code, then as now, certain things are going to happen. Repaired apartments result in higher rents, often much too high for the poor people living in housing. Dislocation occurs. Where are the people going to go? They will double up or they will move into a deteriorated house because they lack the income to pay the rent of standard shelter. Over-occupancy cannot be significantly reduced without increasing the supply of low-rent housing where families may move.

In public housing I must mention, too, one other consideration that is very important. That is the conflict over where public housing *should* be built, and where it *can* be built. This has been an enormous restraint. I just came from Pittsburgh, and here is a newspaper article about a proposal to build some 30,000 low-income units. It's being protested strongly by residents of the proposed area. At the public hearing most of the protesters were Negroes — homeowners who argued that the project would lower property values in the neighborhood. It was not a race issue. It was an economic or social issue.

Another footnote to the history of code enforcement: There was another unsuccessful attempt to improve slum neighborhoods with it in the early 1950's, initiated largely by the homebuilders. One outstanding example of this, the "Baltimore Plan," contributed to development of the urban renewal concept and legislation. It showed that code enforcement was not enough, by itself, especially in a slum.

I do believe that code enforcement is important. It can help conserve neighborhoods that are going down and is necessary to gain rehabilitation in renewal areas. But it requires time and again a host of additional public services and subsidies to make it work. For example, you have to have relocation services for the families when they are dislocated. I think it is a myth that you can do rehabilitation without dislocation. It is agonizingly slow to try to rehouse families who are living in a building that is being rehabilitated, and move them out and then bring them back. I think we have to make choices about whether we want to get houses fixed up or if we want to work out every little social problem or issue that arises here; and I think we are spending too much time trying to prove things that can't be proved, such as, that rehabilitation doesn't require substantial dislocation.

Now, we also need rent subsidies for the poor tenants so they can afford the higher rental brought by repairs to a house or an apartment. Also low-cost loans and tax abatement for investor-owners; grants to poor homeowners so that they can do the job; home-making services to teach tenants property maintenance and housekeeping.

Still, code enforcement may not have the result of improved housing. If the repairs or violations make the property uneconomic, whoever owns the investment property, the landlord, will just walk away from the property and leave a derelict building.

As to rehabilitation, which is part of code enforcement. As you know, it has been agonizingly slow. Thirteen years after the 1954 Housing Act only some 68,000 houses have been fixed up under the Federal program.

Again, economics is a big factor. The extent of the improvements the landlord will put into an investment property depends on the additional rent he is able to get and still make it an economically sound thing. As I say, he may walk away.

For a homeowner to be urged to put more money into deteriorating property when his resale price will not be increased, in my mind is questionable. The same is true of the rehabilitation of very poor housing by older people; it is very difficult to cover a mortgage on the 39 years that the FHA gives in renewal areas. They simply don't have the income in many cases to finance this. The Federal grants have helped somewhat, but not a great deal. There is also a question of whether it is really wise to put electricity, plumbing, pipes, and so on, into dilapidated housing that should never have been built in the first place; whether the property should not be cleared instead.

I am sure you have been in other cities and know that the home improvement "industry" just doesn't exist. Private enterprise hasn't found it sufficiently economic to develop a so-called rehabilitation industry. Where it has been done successfully — you probably saw this in New Haven and Boston — the cities have had to provide enormous amounts of free technical services at project sites to help both the property owners and the contractors do all the things to get rehabilitation, from getting a cost estimate, to taking them to the bank and helping fill out the complicated loan forms for Federal assistance. And rehabilitation will not work for the really poor unless there is a rent subsidy or the public housing authority finances the rehabilitation.

Tax Penalties Only Drive Slumlords Out

As far as tax reforms go, I think we have not really explored this sufficiently to have solid grounds, and perhaps some further studies should be made. It is my impression that penalties will have the effect of driving slum landlords out of business or retiring slum housing, but it will not result in getting more housing built or repaired for the poor.

Now, rent supplements are potentially very promising and necessary devices — if they are not tied to FHA housing. I think this is a travesty on the purpose of rent supplements. They should be available to people everywhere so they can choose what kind of house they want to go into. As it is today, the rent supplement isn't a mass solution at all, and of course lack of program funding is an obvious current problem, too.

Now, public welfare. Actually, despite the extent to which welfare has paid the rent for poor people, it hasn't resulted in getting them good housing, but is keeping people in poor housing. Public housing often won't let welfare recipients come in — nationally there are about 30 percent in public housing — but it goes to extremes, depending upon the type of metropolitan area. In New York, public housing has 500,000 tenants, but has only 40,000 welfare recipients. Most of the rest are forced to live in deteriorated housing. You can't use your welfare money to build up any equity in the property. In addition, many millions of people who are eligible for public welfare, some 8,000,000, according to the Congressional Advisory Committee on Welfare, don't receive any assistance. This Committee also said that, in effect, welfare perpetrates poverty because of the very low allowances given to many families.

Relocation Service, Rehab Loans Boons

Now, urban renewal. I must say that I disagree with Reverend Fauntroy in this regard. I think that a conscientious relocation service for people who live in the slum areas that are going to be cleared and who require relocation can do a great deal if there is housing available elsewhere and if the host of non-shelter problems are faced. I want to enumerate some of these problems as I saw them in Southwest Washington. But first, I do want to note the rehabilitation loans that become available in renewal areas. These have been a boon to the lower-income families, particularly Negro families, who have been stuck with loan shark terms and pyramided mortgages. They have enabled them to get out from under such conditions and benefit from decent government financing terms which have been limited largely to suburban home owners. In this regard it is great, and much more should be done about this. But I don't think it will be done outside of renewal areas for many of the reasons I have indicated before — the economics of fixing up a home in a deteriorated neighborhood where the facilities and other homes are bad, and so on. You need the total program together.

I think it is interesting to note what this problem of taking people out of slums and getting them into "decent, safe and sanitary housing" as called for by the 1949 Housing Act is about. What actually stands in the way? When Washington's Southwest Area B was being cleared, I spent a lot of time there, and with the staff that was working on relocation. For the first time they really catalogued all the problems that might obstruct moving into decent rehousing, and I would like to enumerate these. There were: general low income, erratic income, or no income; people existing by eating scraps and borrowing from neighbors — you can't do it when you move out of these houses; family sizes much too large for the units available; ill health; physical disability; alcoholism — each of these interfering with the ability to have an adequate income; not a legal family; illegitimate children; housekeeping

habits so bad that they preclude acceptance even in public housing. One-third of the families had no furniture, which is required either for public or private housing. Fear of moving into other parts of the city until they are shown what might be available to them. Many people thought themselves not good enough for public housing. Lack of knowledge of housing alternatives. Even the people who could afford housing in a decent neighborhood in Washington had a fear of moving out, though Southwest was obviously a very bad slum. They lacked knowledge of how to get financing.

As I said before, many people have been forced into these impossible purchase terms; so renewal actually opened up tremendous new opportunities for the people who lived in the slums, and I don't think we should knock it. But there should be ways we can develop relocation services which will help people move and not wait until they are forced out of their homes, and a great deal sooner.

Generally, our housing tools can be made a lot more effective by having coordinated local housing administration instead of so many scattered programs. You have the public housing authority doing one thing; FHA help is available if you can figure out how to get it; code enforcement by another department; funds available for helping people reconstruct or rehabilitate their homes, and so forth. But there are so many scattered things. If we can pull them together and make them work with good machinery — I think New York is going in that direction — much more help could be afforded with the reorganization of present programs. Also, technical assistance is badly needed, and I feel a great deal more can be done by private foundations to put up the equity money that is needed for the 221(d)(3) housing program.

Introduce Job-Training in Rehabilitation

In addition, we need a training program — job-training combined with and for neighborhood rehabilitation. This could help reduce unemployment, let the neighborhood people have income, as well as improving their properties and building up equity so that they can begin to purchase their own homes. Ideally I feel we should have a Federal public works program to employ jobless men at the public jobs like rehabilitation that need doing and are not economic.

But, when we add all these up together we still haven't found that mass solution for housing the poor. The further you go into the slum with rehabilitation, codes, and public housing, the more subsidies are required. Experience in the last decade has taught us, if anything, that where housing problems and urban deterioration exist, a host of other problems also exist. I mentioned inadequate income, high rate of unemployment, or underemployment, low skills, lack of education, perhaps illiteracy, broken families, ill health, et cetera.

The Model Cities Program recognized this and, I think, took us a tremendous step forward in our thinking. But I don't think we can really hope for much of a change in less than 10 or 15 years in these

neighborhoods. Urban renewal is so slow, and it doesn't even have a social component built into it. The inadequacies of most cities to utilize the various services and to coordinate them is unfortunately clear. But I think that more staff assistance, technical assistance and an urban agent function of some sort could be brought in to help cities develop the skills they need.

When we come down to it, though, I feel the situation is essentially this: What we have today is an economic crisis that is national but has landed on our cities, and the problem of housing people in cities is basically their economic insufficiency, with little promise of change for the better.

Present Slum-dwellers Differ from Years Back

I think we should consider why people live in slums today, and why they lived in them several generations ago. Then, poor unskilled people came to the city and found jobs available — granted, they were at wages lower than the cost of decent housing. The slums used to subsidize the low wages paid by industry, but still there was work, and they could work their way up in the urban economy that existed then, and in a generation or two begin to improve their entire lot. People who lived in public housing in the 1930's, a case in point, so improved their lot with the changed post-war economy that they were out in the suburbs by the 1950's.

There were tremendous changes in the economy. Job training during the war and different kinds of programs, developed nationally, had a tremendous lever-effect on the life opportunities of the people who were poor.

Now, however, I think it should be evident that the people who have been pushed off the land when agriculture has mechanized, and they have no place to go but the central city. Those who came for production jobs in the 1940's found them automated out during the 1950's. Employers commonly moved away from the urban areas to suburbs or to the South from which the people had come, and they trained the poor white in the rural areas; the Negro had to come to the central city and couldn't find any jobs.

What is happening is that rural poverty is being retransformed into urban poverty today. But in cities it has much greater visibility, does much greater social damage, and shows much higher cost. Cities, as we know, are already behind fiscally and physically. They are deteriorated; they can't keep up with this tremendous backlog of obsolescence, and the newcomers are not able to qualify for the new skilled and white-collar city jobs. (Today, some farmers have gotten rich in agriculture and others have been dumped out.) The urban economy is changing so, as we know, that there are tremendous job disjunctures all over; the skilled jobs go begging in the city where poor people there without work are unable to qualify for them.

Today's slum dwellers are the victims of technological changes at both ends. During the 1950's, 10 million people were in effect forced off the land, and most migrated into metropolitan areas. Migration will continue the same way until the middle 1970's and, according to the Economic Development Administration, there will be a startling potential of mismatch of jobs and people coming from the rural to urban areas.

Now, as I said, this is going to be another layer of trouble.

My feeling, as I would summarize it, is that what exists in many of our slums today are surplus people in surplus housing. There is considerable question whether many of the adults can ever become productive wage earners in the private economy.

There is also considerable question whether it is wise to rehabilitate a lot of housing which really is junk. And I think the point that Reverend Fauntroy made is well taken: we give subsidies for surplus crops, why not to people?

Guaranteed Minimum Income as Beginning

Now, my conclusion — and I am not saying it is a panacea, but it is the beginning of anything we might do — is to have a guaranteed minimum living income for poor families. You can't begin to finance the rehabilitation that is necessary or let kids go to school with some clothes on their back without it.

I was interested that the Advisory Committee on Public Welfare which Congress appointed several years ago came back with this conclusion too. They found public welfare so hopeless and so inhuman in its eligibility requirements and administrative problems, and so on, they said the best way to overcome the present welfare system's shortcomings was an income based on need, and I think this is the absolute prerequisite to anything we are going to do.

I don't say throw out housing programs; we need them. But it is to see that the housing programs work. People have to be able to pay something.

Going a little further, I think we must really start getting a Federal overview of what is going on in the country; the government must start paying attention to national migration trends and their implications for the job market in the cities as well as urbanization and development.

Direct Urban Migration

We should have programs with relocation services or migration services and job training at points of origin — not wait until people come into the city. We should be able to facilitate in advance the movement of people to where jobs are available instead of letting them go where there are no jobs available. Now, this is not a simple

thing, but I think it would be of tremendous help if we could take advantage of the coming tremendous population growth that is going to come about in the 1970's and 1980's. President Johnson says we are going to build another America by the year 2000. The figures show a projection of 80 million more people in the next 25 years who will be moving into metropolitan areas, besides those who live there now. This, to me, suggests that we have got to stop our fractionalized, ostrich-like approach to urban development.

As I wrote in my book in the summary chapter, the history of urban development in this country has been one where we have been burdened down by a dichotomy about what we were. We became urban faster than any other Nation in the world but refused to reckon with the consequences, and the mess we have in our cities resulted. The cities in Europe have been able to plan their new urban development with government assistance, even land purchased, improved, and then resold to private builders to build, according to community-approved plans.

I think we should guide industry into new regions, with workers as well — as a combination, just not let industry disappear and the workers stay behind. We have to have coordination like this. And if government can begin to play this kind of strong directive role, using the tremendous resources we have now available in Federal agencies which have all been used separately, and then program into the new urban areas which I think must grow, instead of letting it be just another layer of urban sprawl spread on top of what we already have got today in the cities, then we might also begin to program lower-income housing into these regions.

I am not hopeful for present urban areas changing enormously. I think the same trend will continue: as housing grows older and the communities begin to deteriorate, they will let new people in, but I think we have got to give everyone a better chance for something new. In new areas I think there is a chance to see if the technological innovation will be able to reduce the cost of housing.

I would recommend basically these two things: initially, to make present housing programs effective for everyone in need, that we have a Federal minimum income, which is being used by many countries in Western Europe. It is not something radical. It has been used for decades. Also that we begin to coordinate our approach to urbanization and urban development in our country. Thank you.

QUESTIONS BY COMMISSION MEMBERS

Mrs. SMITH: Thank you very much. Miss Lowe.

I think we will start with our chairman, Senator Douglas, with our first question.

Mr. DOUGLAS: *There are so many different points made, it is difficult to ask questions. I would like to ask Miss Lowe, if I may, did*

I understand you to say that the rent-subsidy program, insofar as it is operating, is being used primarily to subsidize families with middle incomes?

MISS LOWE: No, no. I called them upward-mobile families. These are poor families. Typically, I would imagine this sort of thing, for instance: a Negro family where the man had an education but because of discrimination had very low employment, but obviously was middle class, that sort of thing in the background.

MR. DOUGLAS: *A man who is not yet in the middle class, but was mobile?*

MISS LOWE: Not middle-income, but I would say moving rapidly in that direction.

MR. DOUGLAS: *I think that is very revealing. Some history of the rent subsidy program should be introduced into the record, because the original intention of HUD was to have rent subsidy confined to middle-income people. The Secretary said that those who proposed that the rent subsidy program be used to help people with low incomes might have hearts of gold, but heads of lead.*

There were some of us who composed the House and Senate Committees insisting that the program be changed to take care primarily of people with low incomes. So I was startled when I thought I understood you to say that it had been designed for middle-income people.

MISS LOWE: No, but it can only be used in FHA middle-income family housing or 221(d)(3) housing, which means that it doesn't work for the vast majority of the mass of people who might benefit from it. You first have to get a contractor to build that house, and then be willing to accept the 15 percent of the tenants that have their rent supplemented.

MR. DOUGLAS: *I was not speaking to 221(d)(3). I was speaking of the rent supplement.*

MISS LOWE: But it is tied into it, this is the point. It is an FHA program.

MR. DOUGLAS: *Only a very small percentage can receive both. I think it is 5 percent that receive both 221(d)(3) and a rent subsidy. Mr. Ravitch has had experience with this.*

MR. RAVITCH: *Just to clear the record, the rent supplements are available only under Section 221(d)(3). Ninety-five percent of the rent supplement authorization is available for housing built under 221(d)(3) with market rate financing. The other 5 percent is available for housing built with the below-market financing, and the intent, as Senator Douglas said, of the statute was to provide an alternative to the traditional public housing way of providing housing for families of low income. There is no limitation on the number of rent supplement families in a project built. There is no 15 percent limitation. The few that have been built contain all rent supplement families.*

MISS LOWE: New York State is —

MR. RAVITCH: *Nationwide.*

MISS LOWE: This is nationwide.

Minimum Income and Homeownership

MR. DOUGLAS: *It will be a long time before the country will agree to income maintenance of \$3,200 a year for a family of four. Actually, it would weaken incentives before we get an automatic guarantee of any difference between income and basic needs, and it would cost probably something around \$10 billion to \$14 billion, depending on whether it is in addition to relief or welfare, or supersedes this. What are we going to do in the meantime?*

MISS LOWE: You are asking me?

MR. DOUGLAS: *Yes.*

MISS LOWE: Well, in the meantime we won't do much, I am afraid, for the people who are the really poor. As I say, I think once you start having people who are wage-earners, who have an income of \$3,000 or \$4,000, you can begin to move them, but the rest of the poor will depend upon the extraordinarily complicated assortment of programs I mentioned before that do some part towards helping poor people live. I would hope that one of the things your Commission could accomplish was not just to think of the do-able, but what should be done. I think this is where a national commission really can have impact when you begin to add up the thinking of a National Advisory Committee to Congress on public welfare with yours. If this Commission proposes it too, putting it in an economic light — not, you know, to help the cities out, but to alleviate the economic circumstances — I think we can begin to create the public climate of why it is necessary. I am not very hopeful otherwise, really. This is what I concluded at the end of my book: that if we couldn't develop some mass way of getting out of this bind, we are going to condemn many people to life in slums.

MR. DOUGLAS: *If the individual income is \$3,200 a year for a family of four, which is the basic figure the Department of Labor came out with two or three years ago, that would permit a rental payment of \$800 a year, or \$67 a month. You think that with present construction costs this can finance adequate housing in our cities?*

MISS LOWE: It depends on the city very much, Mr. Douglas. Some have low-cost housing. Philadelphia has a large inventory that could be used by people who have low income.

MR. DOUGLAS: *\$67 a month?*

MISS LOWE: Well, I think you could probably get homeownership on these houses with a steady income of \$4,000. It is pretty close to it; with some additional programs you can work something out. St. Louis has very low cost, and with sweat-equity, you can make them into decent places. There are some very high cost areas like New York City or Pittsburgh where it is not so, and other areas like Philadelphia and St. Louis where it does work. This is one of the difficult problems you have in developing a national program.

MR. DOUGLAS: *In St. Louis, can you get decent housing for \$67 a month for a family of four?*

MISS LOWE: I think that you might, if it were assured income and not welfare. I think the problem basically is to get a kind of income which is not bound up too specifically to public assistance programs, where in fact the government has a lien on any equity you put into a building. This is one of the real problems where welfare fails, and minimum maintenance incomes might work.

MR. DOUGLAS: *A maintenance minimum income does not provide for savings. It provides only for current maintenance of a family. When you pile savings on top of that towards the purchase of a home, you raise the minimum required by several hundred dollars a year.*

MISS LOWE: Well, I am not sure exactly. Maybe it would be \$3,500, depending upon the area. I think this is a very difficult thing which has to be figured out.

MR. DOUGLAS: *What you say, in effect, is that the minimum standard of living which the community should tolerate should provide a minimum not only for current maintenance but savings toward a home.*

MISS LOWE: In an area where it is possible. I don't think it can work in New York, or in Pittsburgh, or in many communities. But for the purpose of putting up cooperative housing where you could not get an investment lender to put money into a building because he doesn't see it as an economically attractive activity, you can get a group of tenants to form a cooperative and pay for the cost of maintenance and then they have equity. We have many ways available, but they are blocked.

MR. DOUGLAS: *In the figures which have been given us, the maintenance cost of co-ops are 12 percent lower than noncooperative. Does that check roughly with your experience?*

MISS LOWE: I would guess so. Dick Ravitch probably knows. I would say 10 to 20 percent is what I have heard, depending upon who the tenants are, the conditions of the property. But then you get the additional advantage of a tax break if you have to pay taxes, because it is like homeownership. The renter is at great disadvantage in terms of his shelter dollar.

MR. DOUGLAS: *Thank you very much.*

Citizen Involvement in Planning

MR. BAKER: *Reverend Fauntroy, you refer to and mention planning and participation of the community. What type of planning did you refer to, and how do you plan to have participation in the plan?*

REV. FAUNTROY: I am speaking of planning both in the physical character of land use and the social and economic aspects of community life. I think in terms of that planning being done by the people affected by the renewal process so that we in MICCO have attempted to pool together in one group all of the interests that would be affected by the process — those who have an interest in the homes, in

that they live there; the people who are concerned about schools, in that their children attend them; people concerned about business, in that they operate businesses in the area; people who are concerned about job opportunities, in that they are unemployed or underemployed; and the people essentially who have a moral concern, in the churches and other social groups. I think that their interests and concerns notwithstanding, they have to be provided with sufficient funds to organize the community or organize themselves for participation and planning; sufficient funds to place at their disposal competent physical, social, and economic planners to work with them, thus to equip them to have dialogue with the public officials who are ultimately responsible for developing renewal plans.

MR. BAKER: *If then you were provided with these plans that have been just mentioned, would this not in effect detract from your previous comment that these people are to do this themselves? Do you feel these people can do that? Do you feel they are sufficiently capable of doing the kind of planning, the physical and social and economic planning to which you refer? On one hand you suggest that they do this, and on the other hand you suggest we fill in and ask the Federal Government to send in professionals.*

REV. FAUNTROY: Yes. I firmly believe in the ability of people to plan in their own interests when provided with adequate planners who are responsible to them.

I can cite a case in point. The consideration of the site for this school here. The public agencies were asked not to make a decision on where the school should be located and then come to a hearing and ask people to respond, but to offer us three or four alternative sites in the area and let us shop those sites and their consequences around the people in the area. The result was, because of relocation problems suggested by all four sites, the community initially stated that it did not want any of the sites until there could be developed a relocation plan for the people who would be displaced and that would speak to that need basically.

With the help of what limited planning staff we had available at that time, in MICCO and in the poverty program sectors here, we came up with a plan for a new school that substantially modifies the proposal originally considered by the public agencies in a fashion that no one would be displaced from the land to be taken for the school until other housing is built and ready for occupancy at the time that land is taken.

Now this is an achievement in citizen planning. It was the result of people's basic concern that they didn't want to move until they had a place to live. And some professional planners took that sentiment and transferred it into a workable program that has been approved by the three agencies, the three relevant agencies in the District of Columbia that deal with planning.

MR. BAKER: *Miss Lowe, in your "Today" program that was telecast out in California, you made reference to new problems that will be created between now and 1970 and 1975 unless we can curtail them*

at this point in time. What kind of problems do you anticipate and how could we avoid them in this planning in point of time?

MISS LOWE: I suggested some of those very briefly in my concluding comments this morning. The problems that I foresee are twofold. One, the continual migration from rural areas of people who are unskilled and undereducated, and are unlikely to find jobs in the urban economy. I think that's one-half.

The other half of it is this tremendous new growth of population that is going to begin in the Seventies with the war babies starting to marry and to have children themselves.

Bring Job-Trained and Industries Together

The figures for urban development are going to make the 1950's look silly in terms of such tremendous growth. I think these things require planning, but not the kind of planning we have been doing. I think the first thing in the program is point-of-origin planning, of job training for people who can be trained, for the type of job that may become available which they can qualify for and which would probably be of a lower skilled variety, and then help them go to places where that job will be available.

I noticed in the paper the other day that the Fantus location agency, which is the biggest industrial location agency in the country, observed that there are beginning to be labor shortages in many areas; for instance, the factories that moved into the rural areas in recent years. I think they will be much more susceptible to job-training programs supported by the Federal Government, but this seems overlooked by the Labor Department and everyone else involved in manpower; by the Commerce Department — seeing how you can bring together the people to develop their skills and put them with industries in that location.

MR. BAKER: *You have referred to workable programs. Did you find, when these were offered, they worked? There are many references to places throughout the country with these workable programs or plans, and yet we find it ends in a different definition or conclusion. Do you find in your studies that these plans do work? And if not, what can be incorporated in them to make them work?*

MISS LOWE: Well, first of all, the workable program is the phrase used in the 1954 Housing Act. I don't think the programs are working. There are basically seven points the city needs to have to qualify for a working program. To indicate what a travesty it is, the Federal Government could not withhold the Federal aid which it was supposed to withhold where the cities didn't qualify because then it would get nothing built.

New York is a prime example. I am told this year we have revised our housing code. But we have to ignore the enforcement of it, and this is one of the basic points in the program. Why we couldn't enforce it — even if we had a good code — is for the reason I had men-

tioned before. What are you going to do with all the poor people who have no place to go? This is the reality. We have have a workable program on paper which, if we didn't have these tremendous migration shifts of poor people into cities, I think we might be able to enforce. But right now it is inhumane and unrealistic to think that we can enforce it.

Union Promises in Renewal Areas

MR. JOHNSON: *Reverend Fauntroy, I am very much interested in what you outline for us in respect to plans and proposals for making it possible for people who live in the areas that are impacted by public programs to actually obtain work under the contracts. This is one of the best immediate hopes of improving the level of employment that has come out of this.*

As we have gone around looking throughout the country, the typical picture is to see the renewal job under construction with people who live in the affected area sort of standing around looking. You discuss this and get long, complicated sets of answers as to why it happens that way. Would you tell us, please, what your experience has been in this field, and what recommendations we could make that would make it possible on a broader scale all around the country?

REV. FAUNTROY: In the Shaw area we are presently in the process of surveying and planning, which would take about 18 months to two years. During this period we are also planning job training for the people who live here. And as a case in point on how this can be done, I can refer to Mr. J. C. Turner,¹ who has just come in from the Central Labor Council here. We have worked with initially and will be working with the Council for all of the units on a program whereby the unions working with OIC² — if you are familiar with that program — define what apprenticeship availabilities they will have over a given period, help OIC to develop the curriculum for pre-apprenticeship training, and then have OIC place in that training course persons from the area to be trained in those skills. Upon completion of the pre-apprenticeship training of the people who have been brought to the program by the community, they take the examination and pass. With three unions now, we have an agreement that they will take these people and put them to work on union jobs now before execution starts.

If this process proceeds not only for these three but the others in the building construction trades that we are working on to develop this program, three years hence, when the Shaw Baptist Church gets \$3.2 million for a 221(d)(3) unit, I can say to the construction company whether union or non-union — that we have a list of people who have been trained in these skills, and, of course, New Bethel would look

¹ See testimony, page 357.

² Opportunities Industrialization Center, established November 1966, to conduct free vocational training programs for the unemployed and underemployed and place them afterwards in jobs.

with favor on your bid if you would agree to hire people from the neighborhood. In that case we will not be faced with the dilemma that Howard University students were faced with three years ago when they complained about a gym being built by white labor, and the union people said: "Well, we just don't have Negro plumbers and Negro electricians."

We expect to have them one way or the other, and I think one of the reasons Mr. Turner's unions are going to cooperate is because we have both union and non-union contractors here. And while we would like our people to make union wages, we would rather for them to make, for example, \$4 an hour as bricklayers non-union, than to miss that \$5 or \$6 an hour union.

I think with a study program and the goodwill of the unions and the goodwill of the Federal Government to make everything else necessary, to keep OIC going, to train people in these skills, we begin to develop a sort of quid pro quo which will result in people in an area making the money.

MR. JOHNSON: *I think that is a very good start in this area. But I don't think we are going to sift down enough people to make that income. In some areas there is the question of applicant exams which have been manipulated and fooled around with, so nobody can get in the union where somebody is permanently invested. I think we are going to have to look for more radical measures than that, even though the start you are making will help show the way.*

REV. FAUNTROY: A radical measure is making funds available for training where people can get in a union, and that's what I mean by the Federal Government making that money available. I can take a sixth-grade kid and train him to lay brick, I believe, whether or not he takes an apprenticeship examination. And whether or not he does, I think the radical measure is to say we mean business about giving people an opportunity to participate in the renewal of their communities, and I think the unions here are cooperating. It remains to be seen, of course, how much. But all I want is to be able to train people to get access to learning, and whether they are union or not doesn't matter.

MR. JOHNSON: *Just one major comment on that. The tendency to train is in the other direction—away from the incorporation of the high labor factor in the building.*

We have two conflicting problems here: If we are going to provide housing in the quantity we have to have, we are going to have to find more technical innovations and ways of building things away from the site, so we would have to incorporate measures to get people away from the neighborhood to the places where houses are being built. And we have to see to it, if we do train people for a job, they are not technically obsolete the following year—which could be the case in some of the training compared to new building methods. You create a whole new level of jobs and you do away with some. So, I think the measures have to be extended along that line very much.

Self-interest Key in Citizen Participation

MR. DAVIS: *Reverend Fauntroy, we are particularly reminded that the people don't want to be planned. They want to be involved in the planning, particularly when it involves their own self-interest. In your 18-month association with MICCO, what would you recommend about the citizen planning that might make it more responsive to the areas involved?*

REV. FAUNTROY: I think I would recommend that we involve the people who are affected by a given planning body as they are affected. As an example, just on the Shaw school site question that I mentioned earlier, you would say: "Where do you want a school and who do you want to provide that school?" Ideally we would concentrate on involving the people on that site in the process — and not so much organizations claiming to represent them, or people in other sections of that community.

The result of that effort here has been that the people, when shown the alternatives for housing opportunity, were able to have their say. For example, in this very room, a gentleman 89 years of age, who has lived in a house that he has owned all of his life and which his family had owned, is willing to say at this point: "I am willing to sacrifice my house so the children have a school, inasmuch as you have a house planned for me."

So I think just on this question, through the Housing Committee dealing with the planning items, we have enlisted willingness in our planning process. And we haven't gone through the 18-month period. We are just beginning. We will enlist anybody in the future who wants to serve on the Housing Committee. But quite logically when we are planning — like at Seventh and Rhode Island Avenue here — the people who are going to be most concerned are going to be people who are affected by that action. So, I don't expect people at 14th and U Streets to be really active on that committee when I am planning that item.

So that decision is reached largely by the people who are affected. When we get over to 14th and U, I will expect people at Seventh and Rhode Island to drop off because they have participated in a problem at a point where they themselves were affected. So, I am not supporting planning generally by all representatives of all the people, but planning specifically by those people affected.

Riots May Spark Action

MR. O'NEILL: *Reverend Fauntroy, I would like to comment on your reference to the historical prediction of Thomas Macaulay about the Vandals and Huns in the 20th Century. I think that what Macaulay didn't realize was that he picked this particular reference as a witness to contemporary society at that time. What he didn't realize was that particular violence — I don't remember what it was — was the way we*

change our institutions, by changing the attitudes of the majority society. If you look back at our institutions, we have had the Homestead Strike, and the Pullman Strike, and the Civil War, and Revolutionary War. Our spark to change is not always necessarily violence. That is among ourselves. For instance, the United States military and the defense manufacturing changed overnight at the time of Pearl Harbor. And when Sputnik went up in 1957 it galvanized our industry, especially our space effort. And whenever the Russians get to Venus before we do, we'll start cranking up and thinking what are we going to do.

Now, I think that we have our own sputnik for our own society. I know that this is considered a dirty word in some places, but it is the summer riots, and I think they are having their effect.

I was interested this morning in the "New York Times" to see that in Detroit, the Ford Motor Company and a number of other companies have gone around in a considered effort—it is just starting now, but it is a considered effort—to get employment.

The reason I bring this up: when Senator Douglas asked Miss Lowe about the size of the income supplement, we found we are talking about at least \$14 billion; and then if you use the report of the Labor Department, we are talking about \$42 billion a year; and Jeh Johnson reminds me that 45 percent of income taxes are paid by people who make less than \$10,000 a year. This makes income supplement almost a politically impossible thing.

But there's another thing that is not so impossible. I refer specifically to the Freedom Budget of the A. Philip Randolph Institute. Now, that budget shows that we allocate \$12 billion a year to job training and education. And in the tables composed in that budget, this item would be enlarged to \$25 billion. I think that is possible. This is a reallocation of resources.

Also, the Nation's resources may be used from city to city in a way that would perhaps in time make it possible to have a total land writedown and a total tax abatement on housing. The cities' finances would have to be so reallocated that they weren't suddenly thrown off balance. By creative tax revision, we could provide the type of housing that we need at \$50 and \$60 a month. It would take a subsidy. In every other area of our economy, we have always provided a subsidy—when we needed development in farming, oil exploration, aircraft, transportation, community facilities, and everything else.

Perhaps we can do it for housing in the same pattern by providing a supplement, to provide private enterprise—because the Federal Government hasn't been able to cut the nut—to private enterprise to go in and build plants and employ people, and build housing and give them something to make a profit, because private enterprise does have to answer to its stockholders. What would you say to that?

REV. FAUNTROY: Let me say first that I agree with you that we can do the job in this country. The thing that disturbs me is that the sputnik of the last riots has not set off this reaction. Some of us in this room have been involved in a coalition and attempted to call the at-

tention to the need for the emergency work and job-training program. And you couldn't even get Senator Clark's little amendment to the OEO [Office of Economic Opportunity] bill through.

The fact is, our country has responded to crisis. Forty years ago it have been thought communistic to guarantee the right of unions to bargain, but we adjusted to the need. When we were faced with the crisis of Pearl Harbor, we brought illiterate farmers from North Carolina and South Carolina and put them into aircraft plants. And within a matter of months they were making planes that flew. The thing that disturbs me is that we have not understood the nature of these crises in this country. I had the feeling that people weren't responding to the need for the Freedom Budget. I think the Freedom Budget is thought to be something out in space somewhere, and it is not going to come to us. And I just have the fear that unless we do something about guaranteed minimum income, realistically and soon, the Vandals and the Huns of the Roman Empire, the counterparts of which I see in this ghetto, and much more active in other ghettos around this community, are going to deal with institutions in a fashion that can only destroy what we know as the American way.

MR. O'NEILL: *I think we will change the institutions. The institutions will change and be supplanted by other institutions historically.*

REV. FAUNTROY: Well, I hope that you are right.

MR. O'NEILL: *I would like to make one other comment. Miss Lowe, I think you indicated that Fanny Mae limits the fund for 221(d)(3). I want to point out that the authorization is limited by Congress.*

MISS LOWE: I meant Congress.

MR. O'NEILL: *And the present appropriation is limited by the President.*

MISS LOWE: I am still with you all the way.

MRS. SMITH: Thank you very much. Mr. DeGrove?

MR. DEGROVE: *No questions.*

MRS. SMITH: Very well. Mr. Ravitch.

Definition of Community

MR. RAVITCH: *I really would like to direct this question to all of our witnesses. You all referred at one point or another in your testimony to the desirability of community participation. We use the words community development. I would like to ask you a couple of questions. How do we define community? This is a word that everybody is using today. How do we define it in the context of a big metropolitan center. Is it a synonym for ghetto? Is it a defined geographical area? Is it just a polite way of describing an area in which Negroes live exclusively? How do you define community? Dr. Morgan?*

MR. MORGAN: The word has many different meanings. You can use it in one respect as a quality. The quality of people living in human relation to each other. In other places it is used as a synonym for a village or town. There are very many different meanings to it. When

we speak of a house it may be a building or it may well be an industrial organization. Words do have quite different meanings, and oftentimes these meanings are used together and mixed.

Using it as I would prefer, a community is the quality of living together in coordination and effectiveness and harmony. That's community.

The other sense of it is just another synonym for village, town, subdivision.

MR. RAVITCH: *How do we use it in the context of the big city, Reverend Fauntroy?*

REV. FAUNTROY: I think we define a community in the terms of geography, not as a metropolitan area, for example. I define the Shaw community as 675 acres in the urban renewal area, and those who are on the land and are affected by the process on the land, so that the community is those who live in the houses, those who go to the schools, who are involved in the businesses, the people who work on the land, not the absentee owners of the land. Transferring this analogy, the community in 1776 in this country was the people who lived on and worked this land, and not the absentee landlords in England. And, if you are going to deal with the problems of the community you have got to deal with people on the land to control that process.

MR. RAVITCH: *I am just trying to get the question of how you define it. You say it is 675 acres of real property. I couldn't agree with you more that we must have the people in mind, not the absentee landlord. I am just saying, how do we define it? If we say this is the instrumentality through which we are going to do planning and secure plans and make decisions, how are we going to define it? In this community I presume the Redevelopment Land Agency [Washington renewal agency] designated this 675 acres as an urban renewal area. Did they make the decision? Or did the people make the decision?*

REV. FAUNTROY: The RLA made the decision with the advice and consent of some of us in the community.

MR. RAVITCH: *In which community?*

REV. FAUNTROY: In this community, in what is now —

MR. RAVITCH: *Who drew the boundaries?*

REV. FAUNTROY: Quite frankly, some of the people in the area drew the boundaries, and they were adjusted by the public officials in response to a desire to define a community of interest and a community of need.

All I am saying, simply, is that we can't define community loosely. We have to define it geographically, and then establish what interests within that geographical area exist, and whose interests are affected — and to be essentially the interests of those people on the land and not those who control it, in the same fashion that our interest in this country was for the people on this land over here, and not for those who controlled it from across the sea.

MR. RAVITCH: *I agree with you about the people. What I am interested in is the idea of community development, if that's the best way to solve urban problems: How do we have to think of community?*

How can we institutionalize it? We have to think of some basic definition and if it is purely a geographical area, then who is going to define it? Who is going to draw the boundaries?

REV. FAUNTROY: I think that has to be a developing thing. Certain people drew boundaries for Georgetown [a former slum, now restored as one of the most desirable residential areas] as suggested here. Georgetown, quite frankly, is trying to reach over here into the Shaw area — and it is for that reason that we become involved in this land program, but clearly somebody makes the decision. In that case — Georgetown — it was the real estate interests who had made the decision. In this case — in Shaw — it was the beginning of citizens looking at what they had to protect and what they could save and saying, "This is what we want as a defined area in which we work — to involve the people on that land in the process of planning what we want on it."

MR. RAVITCH: *Jeanne, would you like to comment on this?*

MISS LOWE: I think I would like to answer with a mechanical definition of community — it might be people who share local facilities and use local institutions. I think this is an identification of common interests in a community.

MR. RAVITCH: *Who do you propose to draw the boundaries if we are to delegate responsibility to these communities as you define them? Who is going to draw the boundaries in the future in cities like New York and Philadelphia, and also in areas or communities where they may not have the kind of articulate, vigorous leadership that apparently this community has?*

MISS LOWE: There are differences in community districts one to another in terms of historic development. One is clearly defined as being a certain geographical area, and there are other communities that really never had a sense of identity. But I think that overall the planning commission should be able to delineate these boundaries, as I am sure they did in this instance by the geographic development, the sharing of community facilities, and where high schools are built, and things like that.

A planning commission makes a decision on what geographical area will be using them. I think that there are criteria that exist, and if there was any one body to draw boundaries, I think it would be a role of the city planning commission to do this.

MR. MORGAN: Isn't acreage a rather arbitrary division? A community should have as its natural limits the area of common interest. If you take a big block and cut out so many acres and say this is a community, that's a very arbitrary use of the word. If you just take an area around no natural limits and draw a line around a piece of that and say this is a community, that's a very arbitrary use, though it may be a practical expedient. A community is sort of a unit of common interests or some boundaries for that; and if you say a community consists of 400 acres and say this is a community, that's making a new distinct, arbitrary meaning to the word.

REV. FAUNTROY: Let me just say that I think people in a community perceive what their community is, and therefore can advise those who make the designations. For example, in the Shaw area, we generally concede that below M Street is not our community — because of the President's Church and the Hotel Americana and the highrise apartments. We see the reason, we readily perceive. We perceive that beyond 16th Street is really not our community. And you ask any of the kids who have gangs around, they can readily define their community. I think through that process you can come up with a consensus of what actually is our community.

MR. RAVITCH: *I appreciate what you say, and I totally sympathize with your social objective. I am just trying to point out the difficulty of defining community with sufficient accuracy so that we can institutionalize and deal with a political decision as a result of it, if we define it purely as something geographical. We don't in our major metropolitan centers have all the talents and skills and wherewithal within this geographical area to solve our problems. I am not just talking about Federal subsidies. I am talking about where the community derives historically from the American concept of the small town which has its doctor, its lawyer, its bricklayer, its plumber, and what-not; but community in our major urban centers — when we define it just geographically — doesn't mean that, and people use community to mean an awful lot of other things as well.*

This is all I am trying to point out. I think also when people attempt to thrust a definition on or define these areas it gets very complex; and where you have in one geographical area no homogeneous group, either economically or racially, the question of defining community becomes a much more complex one. If we are also going to really thrust more responsibility on to what you define as community, what implication does this have to the administration of government? Is this community organization really going to have the power to make economic decisions? Are they going to elect officials? If they are not going to elect officials, who is going to pick them?

MRS. SMITH: I am afraid that we will have to go on. That would be a good question to have answered, but we go now to Mr. Lyons.

MR. LYONS: *That is a very interesting discussion and I see some differences in viewpoint on the approach to the ultimate solution from you very knowledgeable and sincere people. Dr. Morgan, you intimated — if I got you clearly — that quite possibly the economic and other factors which caused the development of our urban centers have now changed, and we do have cities standing in certain locations where it wouldn't necessarily be desirable to continue them. Did you say that you wouldn't think that the society would be pleased if, shall we say, we just tore down the central city and built a new central city? We wouldn't be pleased with that result 20 years from now?*

In Favor of Smaller Population Units

MR. MORGAN: No, I think we won't tear down our central cities. If we could get areas in relationships to satisfy our needs in smaller units, we might avoid some of the adverse conditions and alternatives growing up. The metropolises might cease to grow, and not get top-heavy. In the course of time, we might have a different picture of desirable human relationships.

MR. LYONS: *Well, if we would aim a program, let us say, of going into the center of a major city and finding some miraculous way of taking care of both the problem of relocation and rebuilding at the same time—to rebuild that city into a modern complex—do you think we would be satisfied with the results of that?*

MR. MORGAN: If it was very well done, it might be better than what stood in its place.

MR. LYONS: *There is no question it would be better?*

MR. MORGAN: There are causes of social stress. I haven't got the causes in front of me, the colleges are working on it; the sociologists are beginning to think about it. If you get beyond a certain density of population, population goes wrong. You find it over a large range of animal life. The species has a sort of a natural degree of association. If you exceed that greatly, you have a very great disturbance, and in lower animals you just have extinction. They just quit breeding.

The problem is so complex. If we understood the optimum conditions of human association from as many standpoints as possible and could make units with such conditions possible, they would be demanded and appreciated and they would grow at the loss of growth of some other units that had less advantage. It isn't an easy thing to answer. But I believe a very penetrating and fairly thorough analysis would begin to show that most of the satisfactions—nearly all of the satisfactions—that are related to population complexes would be achieved in smaller units and without much of the burdens of the mass aggregations you now have in big cities.

MR. LYONS: *Let me ask, Reverend Fauntroy, a question on this greater participation of the local residents in all aspects of the problem of training, rehabilitation, relocation, and so forth. Our last hearing was in an area that would make this whole Shaw area look like a penthouse on Park Avenue by comparison. What has happened there—the most serious thing that happened in that particular community—was that the rest of the community walked off and said, it is yours. It is a deplorable thing. The people left there can make any decision they want to make. Nobody else cares about it. Nobody else would be involved in their problems. Now there is sort of a danger in that. Do you perceive that in your area?*

Inner-City Problems Metropolitan Affair

REV. FAUNTROY: Yes, that's a danger, and I hasten to say, to lend some balance to what I have been saying, that we are not going to deal

with the problems of the inner city *from* the inner city. I am so happy that you are going to discuss tomorrow zoning's impact on suburban housing patterns and land use, because clearly we are not going to put up a new Shaw for the benefit of the people here until we also gain access to land where 60 percent of the industrial development is going on, where there are jobs that people in this area can really fill. It is this kind of avant garde thinking that came out of our White House Conference last year on this particular problem that is going to enable us to deal with a large number of people who are going to be moving from the rural to our urban centers. We cannot absorb them in our urban centers. We have got to develop new towns, and we have got to utilize the available land in the entire complex of our metropolitan communities creatively, so that we come up with what I called a "Smokey the Bear" provision last year. Recognizing the tendency of suburban communities to systematically zone out low-income people and Negroes in particular, the country has got to say to our suburban community in light of our problems of housing people: "We are going to do for people what we did for Smokey the Bear." We said to the developers — to those who wanted to have factories in a national park — no, we are going to do this for Smokey, to leave him a place to live; therefore you can't have factories, you can't develop housing in the park. This has to be developed for Smokey.

We feel that in essence what we are going to have to do is have the Federal Government buy up this land that I can't get for 221(d)(3) housing. I have searched this community all around trying to get people to cut loose cheap farm land for housing for people near jobs which they can readily fill. But the zoning boards — the system — excludes us.

If we are really going to deal with the inner city problem, the Federal Government has got to think in terms of involving everybody in the metropolitan area; of reserving land — buying it up if necessary — and allowing it to be developed in the interest of people, and not in the interest of profit.

MR. LYONS: *Is there any conflict in what you say you want the Federal Government to do for Shaw as opposed to what you want the Federal Government to do for the suburbs? Is there any conflict in your mind on that?*

REV. FAUNTROY: Not at all. I think the Federal Government has to look realistically at what the problem is.

MR. LYONS: *If the Federal Government came in and said, "Shaw, this is what we are going to do," you would object to that?*

REV. FAUNTROY: If the Federal Government came and said, "Shaw, this is what we are going to do in the interest of the people," I would not object. What it has to say to the people in the suburban communities is that what you are doing is not in the interest of this country and of the people of this country. And as long as we keep people isolated in these ring cities and do not allow them to deal with the pressure of supply and demand on housing by opening up housing opportunities, we are going to have Watts and Detroit, and the instant

urban renewal or instant destruction which results from that kind of violence, time and time again.

MR. LYONS: *I can see your viewpoints, but I think you are a little bit on both sides of the fence. I wish you would reread this transcript later and study it over. That is all I want.*

MRS. SMITH: Mr. Woodbury.

MR. WOODBURY: *I wrote out my question for Dr. Morgan. Perhaps he would read it.*

Units of Mass Production in Small Towns?

MR. MORGAN: "What proportion of the employment in the United States economy might be located in the kinds of communities represented by Yellow Springs? In other words, is there hope that units of the so-called mass production industry can locate at least in part in locations like Yellow Springs?"

Now, I am a little out of date on this statement, but it had some validity when I went into it:

In Sweden there is just one kind of automobile, what is called Volvo. When I visited Sweden some years ago, Volvo wasn't made here and there, it was made all over Sweden and moved to a center for assembly, and those folks were perfectly capable in the smaller communities. And I saw it in Norway, where for a certain product part of it was done in this town and another part in that town, and then it was put together. In each place the amount of work done was normal and was part of the commerce and industry, but it wasn't a mass. Now, in Finland, some people got together about 20 years ago and they were trying to get industry on its feet. This was a cooperative project — not a big business project. One hundred fifty small metal industries united, set up a central station and that central station served all of them. This industry would do this, another industry would then do that, but they had a central place to get their council looking after group problems and labor problems and backing, and all that sort of thing. This little industry was doing its work and that was 20 years ago.

I was inquiring a few weeks ago how it was getting on now. Now, it is manufacturing big plants; one of them recently went into Rumania. The central office appraises work this industry can do, and another industry and another industry, and it apportions out this job, each does its part, and it flows together and is a big industry over in Rumania.

They are finding out that you don't have to have a great mass industry to produce a great mass result. It is another approach.

You have a complex situation here, but it is entirely feasible to think of our industrial living and our whole living in ways that don't imply great masses.

In America we haven't thought that way. Sweden thought that way. Finland thought that way on a smaller scale, and it has brought some

very interesting results in smaller units of population which have all elements: education, business, commerce. It is sort of a complete way of life. That may be only a partial approach. We haven't thought through the possibility of human associations. It doesn't necessarily have to be massive: it may be too great masses. The more we get of automation, the less masses of population become necessary.

There is a careful approach to that problem that leads us to have cases set up; and if they grew it might bring about a different way at looking at population groups.

Technical Assistance to Nonprofit Sponsors

MR. WOODBURY: *I have a very quick one to Miss Lowe, who spoke of the need of some type of technical assistance to a nonprofit sponsor of 221(d)(3).*

MISS LOWE: Yes.

MR. WOODBURY: *I want you to elaborate on this. Have you had occasion to look into this question at all as to what type of technical assistance is, in fact, available to these sponsors and how they get their sponsors, and if so, would you make it available to the Commission?*

MISS LOWE: Well, let me take what is often the wrong way first: 221(d)(3) sometimes unfortunately has been abused by builders who want to make a quick buck and will go to a nonprofit organization like a church which is anxious to build this low-cost housing, and say, we will do it for you and give you all the services. And they end up with a bad deal. The Federal agency people have told me this. This is the danger.

MR. WOODBURY: *That's just the danger I had in mind in addressing the question to you.*

MISS LOWE: There are two things involved here, really, in technical assistance. One is to protect the young innocent, so-called, from going into housing in this sort of situation. The other is a more positive way — to help him find out the great complexity of developing multiple rental or cooperative units which involves all kinds of architectural services, getting the mortgage loan, so forth and so on, with which these people never had the experience.

New York City has a tradition of labor union organizations setting up foundations to help nonprofit organizations to get cooperative housing. It has been extraordinarily effective. I think you heard Roger Starr talk about getting labor unions to help in New York. It doesn't seem to happen in other parts of the country though, unfortunately. I think that labor unions should try to do this sort of thing wherever they possibly can.

I have seen technical assistance working effectively through a public agency in New Haven, where the redevelopment agency considers it part of its responsibility to get 221(d)(3) housing throughout the community — not only in renewal areas — and to work with whatever sponsor there may be in giving them free advice on these various

technical things that are required if you get in the management end of the thing. So all along the line here I think more is needed to be done by public agencies. And because of a limitation of staff which exists now in public agencies, we should try to think about what I said before: a kind of urban agent type who could perhaps work for a state housing division or a state housing agency and be available on call to communities and neighborhoods throughout each state in order to work with them on these technical problems of getting houses built.

PUBLIC WITNESSES

MRS. SMITH: Thank you. I want to thank the three witnesses who gave their time. We deeply appreciate all their assistance.

Is Mr. Wiley Brenton here? Mr. Brenton of the UPO [United Planning Organization] asked to be heard but apparently is not here. I will call on Mr. J. C. Turner, of the Greater Washington Central Labor Council. And Miss Dolores Glenmore. Would both of you come up to the table?

Mr. Turner: Two Kinds of Programs for Ghetto

MR. TURNER: Madam Chairman, I have a brief statement and then I would wish to add a few words to that if I may, particularly on the problem of apprenticeship which has been raised here.

Mr. Chairman and members of the National Commission:

Society is responsible for providing a decent life for all of its members. Today we are reaping the harvest of years of discrimination and neglect — the harvest of society's failure to act. And when we speak of society's failure to act, we mean primarily the failure of the Federal Government to act.

There is a large population in Washington which is unable to cope with the demands of a rapidly changing society. We must have two kinds of programs for citizens caught in the ghetto. One set of programs must meet the day-to-day needs of people — allow them to have adequate means to feed, clothe, house themselves and their families. And second, we must take steps to stop the cycle of poverty and give opportunities for the next generation to feel that their lives involve possibilities and choices.

Many programs are in operation and many others must become operative if we are to succeed.

Time does not permit a full discussion of present or prospective programs. However, I do want to comment briefly on a few points.

George Meany said recently, "The Federal Government must be the employer of last resort and the landlord of last resort. This is the only foundation upon which an effective urban program can be built."

I know that he is right. Poverty knows no state lines or city limits. Plans and programs must have careful Federal coordination.

A guaranteed annual income can only be underwritten by the Federal Government. A guaranteed annual income of \$5,000 for each head of a family would go far in beginning to solve our ghetto problems.

Our affluent society cannot afford any longer to refuse to assume its obligations. A man who wants to work and is willing to work deserves a job. Nonprofit work, unbudgeted work, new employment can be assigned to the worker with the guaranteed income. If there is a national will to do it, we can do it.

In Washington we have a desperate housing situation. Overcrowded, sweltering, freezing, rat-infested describes the housing in the ghetto. Rehabilitation has only just begun. There is very little land for new housing and in the suburbs there is segregation. The waiting list for public housing is almost endless.

The rent supplement program must be expanded. New life must be injected into public housing. Open occupancy must be the rule, not the exception, and the Model Cities Program needs to pass Congress with an appropriation of a billion dollars.

Cooperative housing, both new and rehabilitated, offers the most promising means of increasing housing units for the poor. Particularly in our area.

Getting Negroes into Trade Unions

Now, in the area of apprenticeship, which has received some notice here today, I might say that the Labor Council and the Building Trades Council here have been doing many things which were affirmative to eliminate situations of discrimination and have been trying to get more minority-group representatives into trade unions and particularly into apprenticeship programs.

We were principally responsible through negotiations with the Under Secretary of Labor in 1963, Mr. Jack Kinney, in setting up our apprenticeship training centers. These figures might interest you: From June 17, 1963 through September 30, 1967 there were 9,492 applicants, of whom 6,436 were Negroes; 3,370 qualified, of which 2,108 were Negroes; 2,673, of whom 1,644 were Negroes, were accepted into apprenticeship training programs; of 1,084, accepted into the trade after training, 573 were Negroes. In the present year the applicants totaled 3,047, January through September. Of the 3,047 applicants, 1,842 — 60 percent — were Negroes. Those qualified totaled 1,141, of whom 646 were Negroes; those referred, 868, including 402 Negroes. Those accepted into an apprenticeship training program for this period totaled 286, of which 104 were Negroes. Those accepted in the building trades from the training program totaled 264, and 83, or 31 percent, were Negroes.

In addition to efforts that have been made through meeting with the public schools to gear our apprenticeship training program into the vocational schools as well as the academic schools and various other training programs that have been undertaken, we currently are developing a program under the sponsorship of the Central Labor Council and Building Trades Council and the OIC [Opportunities Industrialization Center]. We will try to work with the Shaw area as well as other areas in the city, to see to it that the young men from the ghetto area are brought into apprenticeship training, so that when the work gets underway here, there will be people from the area available who can work on these jobs.

Every survey that has been made of Washington demonstrates that we have the largest percentage — the largest number of Negro apprentices as well as the largest numbers of Negro journeymen — of any urban city of the United States. Anyone here knows I am telling you the facts in this situation. And it hasn't just happened — is has been the results of affirmative programs on the part of the labor unions of the city and the contractors and employers in the city.

In new programs we are developing we are training 160 young men, each going to school for six months, working on the job. They will be trained by journeymen craftsmen, and every trade in the building industry has agreed to this program. In the current OIC program, which is underway, it only happens that three trades have been involved up to now, as has been mentioned by Reverend Fauntroy. But all trades have agreed to train these young men and try to get them into their program. Thank you very much, Madam Chairman.

MRS. SMITH: Thank you very much. Delores Glenmore.

Miss Glenmore: Assessment of the Urban Crisis

MISS GLENMORE: I am Delores Glenmore, local citizen of the Shaw Urban Renewal Area, possessing a normal knowledge and awareness of American history, social makeup and economic development, particularly since the depression era. I would like to make the following 10 observations and comments:

1. That in spite of my government's and my Negro leaders' absolute commitment to the ultimate goal of an assimilated multiracial society of equal men, the fact remains that today there are two Americas.

2. And that one America — to paraphrase Senator Edward Brooke — is a race of owners, landholders, managers, producers, and government-subsidy recipients; the other America a race of tenants, laborers, consumers, and government welfare recipients. That the former are white people, the latter Afro-Americans, should hardly need mention here.

3. That while the latter group are now the tenants of urban America, the former was also once the tenants of urban America. But the former is now the absentee land owners of urban America, the

resident owners of suburban America, and the political controllers of both Americas.

4. That back in the Thirties, when the former America, the white people, were the tenants of urban America and were hungry, unemployed, ill-housed and bankrupt their government did not put out distress calls to a rich, developed, and affluent foreign nation to come in and redevelop that America at guaranteed profits.

5. That what former white urban America's government did do was to survey the situation and say to the people, "Poor urban America, we know that you possess, to varying degrees and extents, all of the inherent abilities, training, ingenuity, and desire to redevelop your communities for yourselves and as you see fit. And that all you lack are the financial resources and backing of your government. And so we shall provide those resources and that backing. Meanwhile our expertise and technique shall play no role other than that of advisory, to be used as and when you see necessary."

6. And that poor white urban America's government further said, "Right now your financial, industrial, and construction institutions are in a state of feebleness and your political rights to make your own decisions are nonexistent. So the first thing that we shall do is to provide you maximum assistance, through subsidies, legislative reform, and tax incentives toward the strengthening of your financial and production institutions. And we shall grant you those policy- and decision-making rights which you do not now possess." And that the result for then urban America has been a happily ever after ending of fabulous wealth, prosperity, and continued growth.

7. Now that the earlier urban America has long since departed residentially and there is the latter urban America of today — hungry, ill-housed, unemployed, and bankrupt — all that her government (presumably the same government) can offer her is that they are hopeful that they might be able to entice the rich, powerful, obesely developed institutions of the former urban America, with promises of maximum assistance through subsidies, legislative reform, tax incentives, guaranteed profits, and professional glory to build — much reminiscent of the Bantusans of South Africa — today's poor urban Afro-American communities.

8. That neither poor urban Afro-America's government or Afro-America's appointed leaders appear to be even remotely capable of realizing that she, like the former America, possesses also to varying degrees and extents all of the inherent abilities, training, ingenuity, imagination, and desire to rebuild her communities for herself and as she sees fit. And that all she lacks is the financial resources, the backing, and the rights to make policy and decisions. And that Afro-America also has all of the institutions inherently necessary to the task, although admittedly now feeble and in need of government-subsidized commitment.

9. That I strongly urge the government of the two Americas to reconsider very quickly the fact that if she permits the building and redevelopement of Afro-American communities in the manner she

seems now bent upon doing, the ultimate consequences could be as tragic as all the world realizes shall one day be that of the Republic of South Africa, now rushing headlong into the building of those aforementioned Bantustans for a large part of her society.

10. That the government realize the significance of the fact that some of her most forthrightly violent rebels of recent were the products of the micro-Bantustans which she has built right here inside of this country. (The micro-Bantustans are commonly referred to as the public housing Afro-Americans' end of the bargain in most urban renewal projects — if they get anything at all. So I would once again caution my government to be fully aware of the fact that no people possessing the fierce pride, depth of life, artistry and creativity as the Afro-American can be planned for and exploited by a society which has spent 400 years showing their absolute hatred and utter disdain toward us, as this society has, without courting ultimate disaster for both the societies.

And that, sir, is my humble impression and assessment of the nature of the urban crisis today, specifically here in Washington, D.C. and the Shaw area and generally throughout America.

Thank you very much.

MRS. SMITH: Thank you very much. I think now we have six further witnesses. I will call all of them. Mrs. Evie Washington, CRUST, Community Rehabilitation Under Security and Trust; Mr. John Howard, member of the Neighborhood Advisory Board, Washington Urban League; Mr. Watha Daniels, Board of MICCO; Mrs. Dorothy Lynn, President, Shaw Junior High PTA; Judge Marjorie Lawson, Girl Counsel for MICCO; Mr. Andrew Mack, Trainee in the New Career Program.

Mrs. Washington.

Mrs. Washington: Local Leaders for Social Growth

MRS. WASHINGTON: My name is Evie M. Washington. I live in the Shaw area community at 1535 8th Street, N.W. I represent an organization by the name of CRUST which stands for Community Rehabilitation Under Security and Trust. We are a group of people living in the Shaw area who decided that, living under renewal that is coming to Shaw, we would like to be involved. So I'm here speaking for them today.

The slum areas existing in major cities are one of America's most menacing and formidable problems. The social and economic needs of the people living in these areas are many and complex. The foremost perhaps is the concept of human resource and leadership development. The only hope for rebuilding our cities and fostering effective social action programs lies in willing and trained leadership so that an environment with human dignity, self-respect, and self-sufficiency will grow and flourish.

The underlying ingredient in human and in individual and social growth is the participation and the involvement of people in the prob-

lems and the rehabilitation programs of redevelopment in their area.

One of the most devastating aspects of urban renewal and redevelopment programs has been the relocation of the very people which the programs were designed to assist.

We, the members of CRUST, consider it imperative that all Federal and local urban renewal projects be devised so that the people living in such areas may in fact become organizationally, socially, personally, and spiritually involved in the total renewal effort.

Six urban renewal projects in Washington over the past decade have been and are continuing the systematic removal of areas containing some of the worst housing conditions. However, economic and social pressures, resulting in excessive wear, overcrowding, general aging, and poor maintenance will annually add to the number of units already in poor condition. The low levels of incomes of the urban poor living in these impoverished conditions persist. As the level of income remains low, it is difficult for the urban poor residents to establish an economic base from which to rise above their predicament. A great acceleration in training programs is needed to overcome this factor. Negro families, particularly, have been hampered by the prevailing inequities of job opportunities between the Negro and the white person. While this condition may be changing somewhat we still have a long way to go.

There is being planned for our area an urban renewal program which is supposed to remedy the blighted houses and bring into focus certain things that will help develop social and economic gains. They are health, education, employment, and welfare. But furnishing the residents of this area with job training, giving employment, building health centers, and providing good recreational facilities, will insure economic livelihood.

Many years ago families living in urban renewal areas were uprooted to make room for better and modern conveniences, such as transportation, better schools, or public projects to benefit them. Little thought was given to the hardships encountered by these people.

The Redevelopment Land Agency is responsible for the overall planning for the area. They will acquire all lands to be dedicated to redevelopment, as well as allocation of the uses of such land. It is difficult to measure the impact that this urban renewal program has had on the community. But we as members of CRUST are convinced that without growing and developing leadership, developing meaningful job training, and allowing the people to participate, permanent social growth of the area will be seriously impaired.

It should be the profound conviction of all persons in our Congress, our civic leaders and organizations, that no person or family should suffer hardship that it is possible for us as a Nation to avoid. We as Negroes have already waited 300 years and must not be made to wait any longer for the full equality that is due us. Conscience and compassion should be compelling, and courage should be as great in your pursuit for the purposes of rewarding the Negro with that which is rightfully due him as peace in your military efforts. For more than 300 years the Negro has been systematically denied his rightful place

in American Society. This denial has taken its toll in many ways. In order to develop and use fully the potential of America's Negroes, special programs will be needed, programs which systematically attempt to compensate as rapidly as possible for 300 years of systematic denial. The cost of these programs will be high, but it will be small in relation to the human costs of 300 years of deprivation, and it will also be small in relation to the benefits society will reap.

Once persons become identified with a ghetto or low-class neighborhood, it is difficult for these residents to overcome the psychological factor of inferiority. To overcome this factor requires large-scale adult education as well as an acceleration of education for the younger people. Educational programs of high quality should be available to all youth. By high quality I mean programs with adequate resources, well trained teachers, suitable buildings, and appropriate curriculums and educational methods in an environment that expresses wholesomeness in the equality of opportunity and spirit.

There is a low level of aspiration of people living in urban poor areas that must be overcome. They have too often and too long resigned themselves to their plight and situation. We, our government, our schools, and churches must provide a reason for trying to improve the standards of living. There must be a program of hope for better housing and better education, so that they may successfully compete in the highly skilled market for employment. Similarly, they must be shown how to seek the opportunities and resources in the community with which to overcome the threats and barriers. They must be given the courage to recognize their problems and face them as their responsibility.

The desire for better living conditions persists. Despite the very critical economic and social conditions existing in the Shaw area as well as in many areas of our country, some residents have retrained and have, through ambitious educational effort, sought and attained better ways of living. Further, there is a growing expression for better homes than they now have. Discouragement and fear that once oppressed seems to be broken with rays of hope. The inner circles of the urban poor residents are beginning to develop a productive and an intelligent leadership that seeks a way out.

There are many answers, but at least part of the answer lies in a number of myths that all of us have shared about our economy, our society, and ourselves.

The first is the myth of Horatio Alger — that if a person has the energy and the will to work, he will be able to make his way. In a sense, this means that poverty and unemployment are a result of choice, not a condition of society; that it is a manifestation of laziness, not economic isolation. Even with Social Security, Aid-to-Dependent Children, Unemployment Compensation, and others, the feeling has remained that a bit of Horatio Alger exists in us all, if each of us only will work hard to succeed.

The second myth which has held back action against poverty is the status quo myth — that things are basically fine, we have the tools

to conquer the problems we face, and really only need to change or adjust some minor mechanism of government to reach those few people who need help. Therefore, governmental agencies and their programs operating for years, do not need changing or redirection but just need more money and more people to work for them. Consequently, when government acts, it usually turns to more of the same, solidifying the old structure and programs rather than seeking possible new solutions to the problems of a changing society. And this old structure has given birth to new problems: A housing program which eats up suburban land while the inner city slowly crumbles and decays; a welfare program which does not give enough to get by nor provide a path out; an agricultural program which thrusts vast changes on our farm population while failing to prepare the farmer for his withdrawal to the cities; and an educational system keyed to college and middle-class goals, leaving many behind who do not share those goals.

Government must be flexible, alert to change, coordinated, and personal. But a government alert to change is not enough. It must be responsive to the voices of those who need its help. When it is not representative, it cannot listen, and when it cannot listen, it ceases to be responsive. Increasing malapportionment of legislative bodies and the disfranchisement of segments of our population has undoubtedly had the effect of reducing or restricting the voice of the poor.

If the United States would pay the Negro just one-quarter of the money that it owes him for the 200 years of slavery, there would be no need for my being here today to plead for strengthening what we have, rather than taking it away.

Thank you.

MRS. SMITH: Thank you. Mr. John Howard?

Mr. Howard: Schools, Jobs, Homes — Keys to Hope

MR. HOWARD: My name is John Howard, member of the Neighborhood Advisory Council.

What are the hopes for ending blight and slums in America's inner cities?

The hope for elimination of blighted inner city conditions lies in the improvement of our school system which is something we don't have very much of; in better job opportunities so we might earn an income which is sufficient to live decently and respectably; and in homes which are structurally sound and comfortable. Particularly in Washington, D.C., which the politicians keep saying would be a model city to the rest of the Nation, we do not have these basic necessities of life. Our schools are overcrowded and the educational standards are low. The unemployment rate in some sections of Washington today is higher than it was during the depression. Jobs that are available are menial labor and grossly underpaid. Without sufficient income, the fight for decent housing and better schools seems useless. How can we

take care of our families and hold out any hope to them for a better future?

Residents in our neighborhood live within areas undergoing urban renewal and construction of a freeway or within the immediate vicinity of these public improvement projects. Our outstanding problem is finding decent, safe, and sanitary housing with rents that we can afford. We are told that it is a legal requirement that we be relocated into safe and sanitary housing, but every day some of us are moved into substandard housing. One of our great hopes has been in housing programs designed to serve low- and moderate-income families: 221(d)(3),¹ 221(h),² and public housing. We find such housing programs do not meet the needs of many low-income families. Recently we have tried to have houses in our area rehabilitated under the 221(h) program. However, we found the mortgage costs — even in an urban renewal area — were too high. The amount of the mortgage plus monthly utilities would exceed more than 25 percent of the income of families eligible to participate in the program. The monthly cost of our rehabilitated housing was still out of range of our families. Public housing often will not accommodate families with extremely low incomes because of the economics of this housing program. Other families find they are not eligible because they earned too much; yet these same families cannot afford decent housing in the 221(h) and 221(d)(3) housing programs. Their only alternative is to live in private housing which is often substandard housing.

This Commission would perform a valuable service if it would investigate the FHA regulations and the manner in which they are administered. We believe that one of the keys to improving housing conditions among the urban poor is making the existing housing programs more realistic to meet the needs of the people.

And may I add the situation that we have in the District is one that's not similar to anywhere in the United States. Within the school system we have better than 90 percent colored and believe me, we have no school system in the District. Our school system is down the drain. We don't have anything. So we know what that creates. That creates jobless people; it creates criminals and everything else.

Your education, your jobs, your housing is all tied in together. Without one we cannot have the other. So we don't have any educational system in the District. We don't have a superintendent. We're trying to get one. A man takes it for six months, and if he takes it for six months, that's it. We have an election next year, next April.

A good sound thinking man in my opinion wouldn't even take the job for six months with the election coming up in April; so you can see what we are up against there.

¹ See footnote, page 10.

² FHA insurance for mortgages at a below-market interest rate, to finance the purchase and rehabilitation of substandard housing by nonprofit organizations for subsequent resale to low-income home purchasers.

Our housing is in bad condition. We have two Negroes for every one white in the District so any problem that comes up, the Negro is affected.

Now I live in a block myself where there are 133 units. The next block to me has 107 units, and all of those units carry four, five, six, seven, eight and nine in a family, and they are all substandard housing. So that's another problem we are up against.

Now FHA, they sent us a program with \$123.50 a month and \$4,500 top income — \$123.50 per month, seven in a family. Seven in a family is a problem within itself. A man and a wife and five children. Now five grown children is a problem in itself. \$4,500 tops. They sent us a program — \$123.50 a month, seven in a family — to fit the low-income family. Now you know that's impossible; so those regulations should be amended. So they say, well, you are buying it. They say it's yours. So I can't understand a regulation like that, and I think it should be looked into. It looks like a man is catching you in the dark, trying to stick you up. They all have programs like that — \$4,500 tops, seven people in a family, \$123.50 a month — how can you make it? That's presenting our problem in itself.

Now another thing that we need: we have jobs out in the suburbs. We are getting slow action on suburban housing. We need some transportation. If there is any way that you gentlemen could find some kind of way that can give us some type of transportation for people to be able to get to the suburbs for jobs, there is plenty of them out there. We don't have the transportation to get to them and in the District you can count the people on your hand that gets \$2.75 an hour — that's \$110 a week. You can't get \$2.75 an hour for any job in the District; so we need some transportation to be able to get to the suburbs, because that is where all the building is going on, and warehouses and things like that. You can get \$100 or \$105 a week, like that, salaries a person might be able to live a little better on than what they have been living. We don't have the transportation to get out on these highways to these jobs.

We got signs up, down at the Urban League Office, "\$100 a Week Starting Salary," but people can't get to the job. They are on the Beltway and places like that, but there's no transportation going out there. So you must be able to buy an automobile before you can go to work, and you know that is impossible.

MRS. SMITH: Mr. Howard, I'm very sorry, but would you finish because of the time.

MR. HOWARD: Thank you very much. I'll stop there.

MRS. SMITH: Mr. Daniels.

Mr. Daniels: Train People for Jobs, New Housing

MR. DANIELS: My name is Watha Daniels. I am a member of the Board of Directors of MICCO and also a member of the advisory

council. I am a resident of the Shaw area and have lived and worked in this area for some 35 years.

I have seen this area accommodate four turnovers in population. I have seen the whites move out; I have seen the middle-class Negroes move in; I have seen the Negroes move out; I have seen the migrant Negroes move into the area. Now it is this latter class that I am primarily concerned about, the people who were neglected by no choice of their own, neglected in training and education. For those people thrown into the lowest economic level which we have in this area and which we hope to rehouse in this area, I strongly endorse a program, a crash program of training so these unskilled people can participate in the rebuilding of the Shaw area on a level other than the day labor they have been so accustomed to being involved in.

I think, because of the neglect to these people who make up a large percentage of the population of the Shaw area, that we should have some type of Federal grant to put on some type of crash program that we may fit them through some type of on-the-job training for employment in levels other than the laborers.

Reverend Fauntroy earlier spoke of the Federal aid that he is hoping for. But I think these men who are in the field, who know the media and know the requirements of industry, are the men who should be directly involved in the training of these people.

Further, I think that people should be given training who would fit them to be equal to the housing that we propose in this Shaw area which we hope to be a showcase for the Nation. Because of the ill housing, it lends itself to crime, poor standards of living. I think there should be a training program to train the people to be equal to the housing that we intend to put them in. I think it can be done through possibly the social service agencies which you have already got established here.

Further, in the use of land we have here from my observation, we have about one-third of our public land taken up by streets, many of them serving no real purpose today.

Again we have large amounts of land that is being occupied by abandoned warehouses, old tenement houses, stables, which actually serve no real purpose today. I think that land should be put into use for human habitation. I really feel that we are only making use of maybe about one-third of the valuable land that we have in this area for human habitation. I think that land should actually be put in some useful purpose, so those are the three things. Training the untrained, making the best use of land we have, and training the people to be equal to the houses we anticipate.

MRS. SMITH: Thank you very much. Mrs. Dorothy Lynn?

Mrs. Lynn: Relocation Housing Prime Importance

MRS. LYNN: Senator Douglas, Mrs. Smith, I am Mrs. Dorothy Lynn, President of the PTA at Shaw Junior High and I am also a teacher

assistant here in the building. I come to you to voice the sentiments of the parent-teachers and faculty of Shaw Junior High School. We are very much in favor of Reverend Fauntroy's plan that the community should be involved in the planning and organization of the urban renewal area.

Since we here feel that we are a major part in this planning, we just would like to say this: please, when you go back, tell them for us not to bounce Shaw around again. For the last 25 years, we have been put in the budget, thrown out of the budget, put back in, thrown back out, and now we really don't know where we are. They tell us we will get a new school, but we are very dubious about it.

We would also like to say that we don't want this school if it means that some of our people will be dislocated and not rehoused. We want these people to have their homes before you put a brick in Shaw Junior High. We want these people to be housed in this area. This is their home. They like this place; they lived here, most of them, all their lives. They want to be right here to see this new building when it goes up and to see that their children will get an opportunity to go to this community school which we hope to get.

I know what he [earlier witness] speaks about when he spoke of Georgetown. I was born in Georgetown, 3143 Dumbarton Avenue. My daddy had nine kids. We lived there. We weren't able to buy our home because my father never made enough money. But when they got ready to renew Georgetown, they put us out and we had nowhere to go. Same thing happened in the Southwest Area, so we all know what happens when the Government gets ready to take what he wants, he takes it. It doesn't ask any questions whatsoever.

That's why we wonder so much why they have been 25 years getting us a new Shaw.

They have built many schools since they started talking about Shaw, but every time Shaw comes in the budget, it is a great controversy. We wonder why.

Let this not happen to us again, please. Let us get our school but first get these people decent homes to live in and let us be in your plan and in your reorganization. We feel that we are a part of this community. I thank you.

MRS. SMITH: Thank you very much. Judge Marjorie Lawson.

Judge Lawson: Change Image of Urban Renewal

JUDGE LAWSON: Thank you, Mrs. Smith, and members of the panel. I didn't really know that I was going to make a speech here this morning. I am general counsel of MICCO and one of its founders. MICCO was founded because Reverend Fauntroy and I were looking for some land to build a D.C. chapter of his church — Bethel Baptist Church — and we found out that land prices in the ghetto were \$6 and \$8 a square foot, which means you were out of the game already.

MR. DOUGLAS: *\$265,000 to \$330,000 an acre, is that right?*

JUDGE LAWSON: So we found we could not on the open market buy land to do low-cost housing in the inner city. I think there is no question that urban renewal is the only tool that will make it possible for us to polish up the ghetto.

We have to see if such an effort as MICCO can make urban renewal a palatable method for government organization of its resources in order to help the people of the ghetto. If we don't succeed with MICCO in the kind of communication going on between the people of the government that will try to rebuild this area, then I would say there is no other tool we know that would succeed. We have to change the image of urban renewal as it has been and make it an effective instrument for helping the people.

From my own experience in housing — and I have been in the D.C. program with development and in numerable builders — I would like to tell the Commission some things that have come to my attention. I know now that you are a very sophisticated panel and I am sure you understand these programs very well. If we build a project in the ghetto, then it's extremely important for the government to deliver the services to the people in the new housing. There is a need for an ecumenical movement both at the Federal level and the local level — that's exactly what is needed. Bringing groups of government people together who have different functions and different agencies and are not talking to each other, and not knowing the impact of their programs on each other's programs — this is very important.

Another thing I think the panel ought to consider is really how effective sponsorship by nonprofit organizations is going to be for the development of the volume of housing that is going to be needed.

I think a lot of well-meaning statistics have been undertaken both in churches and other organized groups trying to develop a 221(d)(3) project. And what they discover is that the development of a project is a business that has really strained the capacity of very sophisticated and astute businessmen.

Some additional tool has got to be handed to the nonprofit sponsors if it is going to succeed. I don't know if this means paying for a package, paying for a skilled person on the staff of the nonprofit sponsor. But we cannot expect people to give their time and be without the skills to develop something that is very complicated to do.

I think maybe additional incentives have to be given to investors in order to get them to come into the ghetto to build. Right now a builder can get four or five percent of his investment in building a (d)(3) project and turning it over to a nonprofit sponsor. That's not enough for this kind of businessman to make in order to build a (d)(3) project.

One other thing I would like to talk about: I would say that the most important thing after you got a project is the question of management. We have got to train a whole cadre of managers who will be not only running the property but finding themselves in a social work relationship with the people. It seems to me that the real estate industry has a tremendous opportunity to reach into the ghetto to find

young men who have the abilities and train them to run these projects, because we have no such skills in the real estate industry for the proper management of these big projects, and we will probably have to sell the people to realizing the advantages of living in decent housing. Thank you.

MRS. SMITH: Thank you.

MR. DOUGLAS: *Judge Lawson, you are a very able and experienced person and I take it you have been working on various 221(d)(3) projects?*

JUDGE LAWSON: Yes.

MR. DOUGLAS: *I want to ask this question and I know you will give a very understanding and truthful answer. Have you found the Federal Housing Administration cooperative as you make this application and in your dealings? Or do they hold you off at arms length, so to speak, without help?*

JUDGE LAWSON: Well, let me say this, Senator Douglas, they're very responsive lately.

MR. DOUGLAS: *Lately?*

JUDGE LAWSON: Lately. They call me up now once in awhile and I find this very refreshing.

MR. DOUGLAS: *When did this cooperation begin?*

JUDGE LAWSON: When the newspaper publicity began that the FHA should maybe be transferred to HUD because the agency was not responsive in trying to get low- or moderate-income housing.

I would say I must have had very good experience with the local insuring office, but that's because I am a very determined woman. I don't take no for an answer. I just rewrite the package and I go back. Many people don't have that kind of time. They don't have enough experience in dealing with government — that you just have to keep on keeping on if you intend to succeed. I would say the whole program for (d)(3) and the whole moderate- and middle-income housing program didn't really fit in with the experience of the local office. They were more geared to single houses and they were not really interested or equipped, and they didn't have a staff to process these projects. Some of them got into difficulty and FHA got into some difficulty; so they have been very cooperative.

MR. DOUGLAS: *Judge, I want to ask you another question. After Senator Brooke and others proposed that various subsidized programs be transferred to HUD from FHA, then you say FHA began to take an interest in these projects. But up to then, they had either been indifferent or discouraging, is that correct?*

JUDGE LAWSON: I think that is the general experience.

MR. DOUGLAS: *Now then, they had a change, and they are pleading now that they be allowed to continue with this work, and there is a strong pressure to have this done. What is your advice? Do you think this reform is permanent or do you think this work should be confined to a separate agency?*

JUDGE LAWSON: You are asking me a question where I live, Senator Douglas, but I would say that probably Senator Brooke is right. I

think perhaps it would be a good idea to have the agency transfer away from the old habits — the kind of thinking of the insuring offices, the evaluation departments that have been looking at land use in terms of single-family houses. I think there are a lot of bright young people in HUD who would like to move the program forward and they are trying to put the pressure on the local offices, but the people in the local offices have been there a long time and they don't react too well. So I think there's a lot to be said for transferring it out.

MRS. SMITH: Thank you. Now, Mr. Andrew Mack.

Mr. Mack: Put Poor People on Commissions

MR. MACK: Thank you, Mrs. Smith. My name is Andrew Mack and I am a trainee in the New Career program in Washington, D.C. hoping it will become a full employer after training with the Redevelopment Planning Agency.

I feel that the main factors I would like to bring out here are some of the ways I feel as an individual who came from a poor family and who has worked in various community projects here, and also in Baltimore, and some of the ways I feel that, as a whole, a United State Commission can really improve the situation.

I have found, first of all, too many problems of this sort: like the Commission here I see is 99 percent white, and looking at your agenda here, I see most of you are professional people. Well, I think this is wrong in a sense. The only way we can really get to the bottom of problems of poor people is to let poor people be involved. Why not? Can't there be a few people from the various parts of the country who are in the poor section of the country? Why can't they be on a commission of this sort?

Secondly, when Reverend Fauntroy brought out that people in the community should take a great part in actually what is happening to them, this is true, because I can say as a trainee this summer we took a family survey in the MICCO research area for the Shaw area and most of us are just high school graduates and there are even some who haven't completed high school; but I would say — perhaps this might be wrong to say and I might get bawled out for saying this — I think we know our jobs, we know exactly how to handle a survey project much better than the people who are professionals. And I can say to you we had many students who were law students, and we had many students who are graduate students doing social work, and I think we did one hell of a better job than the census.

I think this type of thing should continue. In the past it has always been professional people to do this and professional people to do that. And from this experience this summer I really hope that this type of thing will be broadened throughout the country. And I also should say that we should be more concerned in the Federal level too. I think there's a way we in the community can take more part.

The idea is to get people together. People are afraid to come together because they fear they can't voice any kind of opinion, that their opinion will not be counted, that it won't go anyplace. I feel that we need an opportunity as I had. I wish there was a way we could go on Capitol Hill and tell the senators verbatim exactly what the problem is and ways we feel is the best to solve the problems.

Take for instance the riots in this summer in Detroit and various other places around the country. They set up these panels or commissions that the President appointed, where they pay these guys great big fat salaries, and they don't know diddley squat as to what is happening in the community. They don't know what the problem is. They don't know what being snatched out on the streets because you haven't paid your rent means, and yet all this money is supposed to be a front to the American people, saying, "Well, the President is sending up a commission to find out what is the real problem."

What caused these riots? They know what caused them to begin with. No one needs a commission, and its about time that people stopped talking so much and really get down to brass tacks and let the people themselves be involved. I feel wholeheartedly that within a decade or so many of the problems now facing us in the urban renewal projects and planning will be eliminated, because the people will have more part in making the plans. Also I feel like this — perhaps I am talking in circles because I don't have anything in from of me — but my whole point I am trying to make here is, to stress jobs, to stress education opportunities, and I don't mean opportunities whereby it can be so like a patchup job, but where a man can really become part of his community.

Take for instance in this program — the New Career programs — it is more than six to eight weeks behind schedule but I found out the main reason today. Our government is supposed to be so rich and so helpful on what to do. But I got it from a very good source this morning that when they tried to contract someone to do our training of the poor, they tried to stretch the budgets so thin that it was almost humanly impossible to do this particular training. Yet they can spend billions and billions of dollars for a situation in Vietnam and give commissions like this hundreds and hundreds and thousands of dollars to work with; but when we actually come down to try to eliminate some of the problems among the poor people, they try to give you a penny in the bucket which you can't do anything with. I really hope that the Commission will try to do some improvements here in this city, and I do hope that in the future that when I come to a conference of this kind, instead of seeing 99 percent white faces and all professional people I can see maybe one of my neighbors or one of my neighbors I had in Baltimore or Charlotte, North Carolina, or Powhatan, Virginia, sitting up here.

MRS. SMITH: Thank you. I would like to ask our Chairman to thank everyone on the panel.

MR. DOUGLAS: Well I would like to thank the principal, the assistant principal, and staff of the school and maintenance group for their hospitality and kindness and I also want to thank the witnesses who have taken a great deal of time out of their lives to testify. We have listened most carefully and we will read the transcript very carefully also. You have given us a great deal of help and we want to thank the rest of you for coming and showing your interest and I want to emphasize this is a mutual task. Thank you very much.

(Lunch recess.)

*Hall's Restaurant
Washington, D.C.
Noon, October 27, 1967*

MR. DOUGLAS: Introducing Congressman William B. Widnall,¹ Housing Subcommittee, House Banking and Currency Committee, having known the Congressman, I can say this: he is a very shrewd bargainer. I never quite knew what his ultimate pitch point was. I never dared play poker with him. I knew he would take away everything I had, but he is also a most cooperative fellow and a most constructive man.

Congressman Widnall is responsible for many of the excellent features in our housing legislation which he developed himself. One is what to do with housing quarters of poor people which are declared to be substandard and where the strict rule, the law, would oust the owner because of the failure of the housing unit to meet the standards. This is a tough one. Making provision for outright grants — \$1,500, and at most up to \$3,000 — for rehabilitation and repair — this was a very constructive feature, but the only trouble was, the Appropriation Committee wouldn't carry it out. That is not his fault, and I hope people like him will get together on the Appropriations Committee. I introduce Congressman William B. Widnall.

REP. WIDNALL: Thank you, Senator. It appears to me, Senator Douglas just announced he was going to be my next campaign manager. I hope that's tape-recorded.

MR. DOUGLAS: You can use it, Bill.

NO ONE PROGRAM MASTERS URBAN CRISIS

REP. WIDNALL: I was just saying to the staff people here, I don't know of anybody who deservedly should have been more disappointed

¹ Republican Congressman representing New Jersey's 7th District since 1950. Served in New Jersey House of Assembly 1946-9. Ranking Republican on House Banking and Currency Committee, member of Housing Subcommittee of Banking and Currency Committee; Domestic Finance Committee of Banking and Currency; Joint Defense Production Committee; and Joint Economic Committee.

by the results in this last election than he, after years of tremendous service not only to his State but to the Nation and very creative in many ways even though, from my partisan view, misguided sometimes.

I can understand very well his personal disappointment, and I don't know of anybody from the time I have been in Congress — which is now 18 years — who had more opportunities available for service offered to him where he could continue with the same avenues of interest he was engaged in before, and even be a more potent force than when he was in the Senate. Being Chairman of this Commission is, I think, a great tribute to his capability.

We talk about ecumenical — I never could pronounce it. Ecumenical. (It is different every time it comes out.) I heard a story the other day about two occupants of a car going down a freeway 80 miles an hour. All of a sudden they look ahead and there was a car coming straight toward them. They couldn't miss. An inevitable collision. One started to cross himself. His friend said, "But you are Jewish, not Catholic." He said, "I haven't got time for the Star of David."

Another story which is supposed to be a commentary on Congress these days you may have heard. This one is about the supertransport pilot travelling with a full load of passengers and they are in a deep fog, just as dense as it could be. The pilot gets on the intercom and he says, "I have two announcements to make. One is very bad and one is very good. The first one is we are hopelessly lost, and the second is we are travelling at record speed."

When I think about today, we are in a fog about a lot of things we are trying to straighten out. On the other hand, we have the greatest gross national product, we have this, that, and the other thing going full blast in one direction and another. We have a lot of problems to solve and we are not going to solve them separately, as Democrats, Republicans, Liberals, Moderates, or Right Wingers or anything else. Particularly the problems of cities, where all problems should concern everybody in the United States. But it is pretty hard to bring home to people who live out in the cabbage patch area the problems of the hard core of New York City or Washington, where they don't see them close at hand and don't feel a personal impact.

I drafted a little talk here. I hope you don't mind me referring to it. I find I am not like Senator Douglas with the ability to tuck inside all the things I want to say and get them all out when I am on my feet.

Urban problems cover, and are concerned with a multitude of sins. Just what sins is another question. We have thousands of housing experts, some of whom may even be for real. And this entitles us, at the least, to a million opinions of sins, cure-alls, *the* program, and the dire future of *the* program if not adopted, fully funded, and implemented at once. This is subject to conjecture and rests in many, many minds, very many sincere minds, and very many who are not motivated by the extreme needs.

I remind myself of this constantly, and particularly when I am talking to gatherings such as this, knowing that, regardless of the

number in the group present, I am faced with many critics, and all of them experts.

So let me gather you in and say at the start that I differ from most in that I do not think any one program will do the job and cure all the sins. It will take many programs. The only criteria I would apply to each is that it has to work. Saying that it would work if we had more money and authority is an ancient gambit that eventually has to face up against the law of diminishing returns. And from there we can all proceed to the area we all know is paved with good intentions.

Discard Programs That Don't Work

We have had some programs which have been on the books since 1949, and some of them have not been working. But nobody will take an honest look at them. They ought to take them off the books. We got all sorts. It's cost you time, effort, program and money. They go in many directions in many areas. I think the Congressmen on the Joint Economic Committee have performed a service in setting up a new urban affairs subcommittee. It was to take a look at where we have been, what we are doing, what we should do in the future, and not have any target date that you've got to have a report in by June 15, you have got to have legislation passed by July 31st. This doesn't solve the problem. We have got to know where we have been, and what we are doing and I am especially pleased, Senator, that you're Chairman of this Commission and have the opportunity to make a very sound and concrete recommendation.

My concern with urban problems is also ancient. I live in northern Bergen County in New Jersey. I was born there. This is right across the Hudson from New York City. I have been going back and forth to New York for 34 years, most of my life, on the dirty Erie — back and forth — and I swore I would never commute to business, so I commute about 500 miles down to Washington. It was a good, clean city when I came down here. By that I mean you could wear a white shirt two days. You can't anymore with pollution in the atmosphere.

Many of my constituents work in New York City and the bedroom community is the area in which I live.

Let's say good intentions are still part of my portion, but after spending so much time in the minority, I'm happy to have them occasionally translated into legislation.

In recent years I have worked on code enforcement, rehabilitation, rent certificate housing under Section 23, mass transit, historic preservation, and urban renewal. I think, Senator, you know what work we did together. I like to think that they all hang together and they contribute one to the other.

I also sponsored the legislation setting up the Commission on Urban Problems and S.J. Resolution 112 that extended its life, although at the time I had no idea that we would be so fortunate as to have someone like Senator Douglas, a longtime housing expert, as its

head. We all have high hopes for the report that the Senator will bring in next year.

Until we have his authoritative report and can render further judgment, it behooves us to look at the way current programs are cooperating, and to conduct ourselves accordingly. I do not expect this sort of cooperation from extreme partisans, whether on one side of the aisle or the other, but actually it will be necessary to have a meaningful job.

The financial condition of the country demands it. We must establish priorities, forgot about face-saving, and remember the good that certain programs are producing and in what quantities. We have the same problems in Vietnam and many of our domestic programs, it's a question of face-saving. For the good of the country, the expeditious accomplishment of some of the areas have to be changed in approach by many of us.

I know that I read a very enlightening speech by Daniel Moynihan the other day. He said today's liberals must divest themselves, in connection with the Nation especially, of the idea that cities can be run only from agencies in Washington. He also said we have been too long prisoners of the rhetoric that Republicans don't know anything about social problems of the Nation or, in any event, don't really care. This is not only a falsehood, but if any New York Democrat could testify, it would be seen by the electorate to be a falsehood. I'm just quoting this as an appeal to reason. With the effort to merely express from my own heart something I feel is very important, it is time for us all to abandon a little bit of the traditional approach to some of these things. I don't mean that we must have the economic realities solely in mind. They are most important, but there is social justice as well to be served. The latter, however, cannot be served by paper shuffling, visions of things to come, and tattered hopes pridefully supported. We must expand our successes, discard our failures, and learn that productive ideas are more important than increased appropriations.

To be more specific, the experience of the concentrated code enforcement program shows that more homes have been targeted for rehabilitation under this operation in one and a half years than have been done under Title I rehabilitation since 1954. This is a sample of what HUD can best learn from its far-flung operations and profit greatly thereby. The profit will flow not only to the Department, but also, and more importantly, to the people seeking rehabilitation tools.

HUD could start by reviewing thoroughly its workable program, particularly with respect to progress in code adoption and enforcement, and every possible assistance should be provided to localities by HUD to permit them to comply. This is particularly pertinent, since statutory provision on code enforcement must be met.

I hope I am not asking too much of the Douglas Commission when I say that I am expecting some recommendations in the tax field. It does no good to encourage a family to rehabilitate and improve their home or place of business if their reward is an immediate, and much

heavier, tax burden. Particularly is this true while the slum landlord reaps benefits from failure to live up to code provisions and the basic needs of his tenants. We should tax him, and not the man who improves his property.

What we need is some partnership system between Federal and local governments and the property owner that will reward him for neighborhood betterment, penalize him for failing to correct conditions that cause his property to be labeled substandard. I do not think a permanent tax abatement is the answer, but I can conceive of one lasting three years that would help immeasurably. The local government could still collect its previous taxes and look forward to increased revenues after three years.

Spur Use of Rent Certificate Program

The rent certificate program, technically known as Section 23 or leased housing, is one I recommend for examination with a view to fuller use. I would also recommend that HUD streamline its processing in this area as much as possible, in order to aid the localities desiring to use this tool for benefiting their low-income citizens. To date HUD has not been noted — and I differentiate here between HUD and HAA [Housing Assistance Administration] — for smoothing the path of this program. It has placed obstacles in its path, misrepresented the position of Congress as to the total number of units that could be utilized under the program, and given it very little, if any, favorable publicity.

Such hindrances have not been placed in the path of the rent supplement program. In fact, at greater cost to the government and to the low-income tenant, HUD has preempted the field of existing housing and rehabilitated housing, which properly is the field of rent certificates. It may come as a surprise to you, but as of September 1, 90 percent of the units on which HUD was paying rent supplements were conversions from the 202 elderly program.

Rent supplements was touted as a program that would spur new construction, and most of the statistics which you hear in this connection are the Department's over-enthusiastic projection of estimates which it has yet to produce. Meanwhile, it has used the 202 program, which like rent certificates is a responsibility of HAA — not FHA — to make such record as it has. It has not fooled the Congress in this area, as witness the harsh treatment given the rent supplement program in recent days.

HUD has, also, in numerous instances restricted over the objections of the directors of the local housing authorities the use of rent certificates in towns that have vacancies of 3 percent or less, unless such housing was rehabilitated. It has justified this on the grounds that to permit utilization of such decent, safe, and sanitary housing would drive rents up.

The theory of their reasoning gets through to me, but the practical results of their operation do not. There are families — particularly

those classed as elderly — that pay a disproportionate part of their income for decent, safe, and sanitary quarters and who are eligible for public housing. Where does this leave them? Also, a considerable number of the rent supplement 202 residents would fit this classification. Did HUD place similar strictures on the use of rent supplements? It did not. It has used every means possible to create an artificial demand for the rent supplement program — FNMA backup, large reserves for payment to sponsors, et cetera.

HUD is also now requiring, as a Federal matter, certain information as to the racial character of the units occupied under the leasing program. This is not in its province. The leasing program was purposely designed as something of a local and voluntary nature. It also has built-in features aimed at avoiding the concentration of problems that have plagued public housing. HUD could better spend its time reorganizing and expediting its own Washington-directed programs, which need it, than in manufacturing red tape to strangle forward-going programs which have proved themselves despite HUD's condemnation.

I have been for every civil rights measure that has been presented to the Congress. My record extends back beyond that. I do not, however, think that civil rights in housing can be enforced on the low-income families alone. The HAA, formerly the PHA, has pushed a policy of open housing upon the local housing authorities. It has not produced integration; it has produced segregation. Well over half of public housing is today occupied by minority races, particularly in the larger cities. And there are quite a few urban low-income families that do not qualify as minority racial families.

If the public housing program is to continue it cannot alone carry the burden of civil rights in housing. Nor can the rent certificate program be expected to survive if HUD weaves a noose of red tape for its neck.

What has the rent certificate program accomplished to date? It has caused considerable rehabilitation activity. It is being used in all parts of the country — in over 30 states and 128 cities. HAA has had a total of over 40,000 units applied for. Of these, over 24,000 units are already under contract. In a little more than a year's operation, when the Administration did not anticipate a demand for half that number, I think that it is a good start. Considerable credit is due the Housing Assistance Administration — not so much for the contract record I have recited as for the fact that it has placed some 30,000 people under roof in decent, safe and sanitary housing. I congratulate the HAA for that.

Rent certificate housing affords us the advantage of closer working relationship between local code enforcement agencies and local housing authorities. HUD ought to give emphasis to this and encourage it.

Note the word "encourage." You still do better with sugar than vinegar. I like the idea of code enforcement agencies and the local housing authorities working together, because I think it brings people and the goals that we are striving for a little closer together. It cer-

tainly means that the total picture is that much more in focus. And the focus must be crystal clear for the ultimate housing goal of a decent, safe, and sanitary home to be realized for every family in the United States.

I am mindful of the fact that the 312 rehabilitation loans¹ — a program I introduced — and the 115 rehabilitation grants² introduced by Congressman Barrett, are available only in concentrated code enforcement and urban renewal areas. I know that this has produced requests for the same assistance from peripheral areas. It is hard to justify assistance to the first and not the second. I would like to have the thinking of the Commission on this problem, and the costs that it would entail were the programs to be expanded into peripheral areas first, and later the whole communities.

Learn from Experiments on Small Scale

At a time when our budget deficit approaches \$30 billion, any attempt to do everything that needs to be done may get us more problems than we have solutions for. Still, we can think, experiment on a small scale, and learn in the process. New ideas produce unlooked-for solutions as long as they are grounded not so much in theory as in fact.

There is room for all of us and our ideas in the field of urban problems. The only thing that I insist on — not always successfully — is that the solutions work, and that we not be overlong at determining whether they do work or not. Insisting that something will eventually work is no service to those of us that so badly need solutions now.

So let our plans be well grounded, our red tape be protective but minimal, and our cures for urban problems sufficient for the next 30 years rather than the current legislative session.

I have appreciated very much the opportunity of coming before you today and talking to you about it. (And I have been very, very kind to you, Senator — I haven't mentioned the Percy-Widnall Housing Bill.)

MR. DOUGLAS: I was waiting for that.

REP. WIDNALL: I had hoped in co-sponsoring that legislation, that we could, in a year that should be rather meaningful because of the crisis nature of it, particularly in respect to the cities and areas of large population, try some programs that would run side by side — some very much with a government base and with the usual line of organization we have had through the years, and some where there is less government and where you do have an interest subsidy, as proposed in the Percy-Widnall approach. I think they are worth a trial, and I am just horribly disappointed, Senator, that I hear from the Senate side and from the House side there is not going to be any housing legislation this year. And I think there is absolutely no excuse for at least not trying something and moving something; at least get it out

¹ See footnote, page 208.

² See footnote, page 208.

for public discussion and see where the problems are if we are going to get some meaningful legislation. I don't think we should abandon the effort this year. I think we should have a full discussion with these programs so meaningful and entitled to a full airing.

For the sake of the gentlemen of the press who are here, may I say we have been bogged down in discussion on the floor of the House for over a week, doing nothing of any consequence for the Nation, and a lot of you know it can be said about the Senate also. We should at least get the dialogue going and as far as housing is concerned, it is of extreme importance to the Nation.

If interest rates continue to mount as they are now, we are not going to have any housing program, and this means a serious blow to large sections of our economy. I think it is going to call for the best from all of us, no matter what segment of the economy we represent, no matter what political party. There must be a combined effort as we have never performed before. We must sit down and do that "reasoning together" the President talks about, and try to arrive at some conclusion where we can achieve something positive together rather than stand pat.

I appreciate very much, Senator, this opportunity to visit you.

MR. DOUGLAS: Thank you very much.

(Adjournment.)

Excerpts from "Hinterland and Metropolitan Populations and America's Future"
by Griscom Morgan¹

There are times in human affairs when certain trends are so dominant that other aspects of reality are almost completely lost to view. . . . It is my purpose to raise this question with regard to perhaps one of the most dominant factors of our times: the large metropolitan complex, the high concentration of populations in relatively small areas around our metropolises. We have seen during the last year severe developments of social pathology in some of our large cities. It is rather confidently expected that these may be corrected, and that the future trend is to ever larger and larger conglomerations of population in metropolitan centers. This is the confident prediction, for example, in Don Bogue's *The Population of the United States*,² an authoritative book on present-day demography. Demography or population studies have been largely dominated by statistical considerations. Biology, ecology, and historical factors have of late had inadequate bearing upon theoretical studies.

Over the past 20 to 25 years at Community Service we have been seeking to find out what is the longtime destiny of highly urbanized populations. A generation ago Warren Thompson and some other demographers were very much impressed with the fact that large city populations very significantly failed to reproduce themselves. Thus Stockholm, Sweden, was believed to fail to reproduce itself by more than 25 percent each generation. The same was true of San Francisco.

The high birth rate of our large cities for 15 years following the Second World War thrust this general approach and concern out of the picture. Moreover, the studies of causative factors for such low fertility of urban populations never was very penetrating and was preoccupied with factors such as the use of contraception

¹ Submitted in testimony, page 325.

² Donald Bogue, *The Population of the United States* (New York: Free Press, 1959)

and the effects of wealth upon child-rearing and fertility. Within the current literature on demography we do not find much insight beyond those earlier studies. But during this same time we at Community Service had made inquiries to see if we could find record of any human population that by its own birth rate had long survived highly urbanized living. Significantly, all but one of the leads that had turned up suggesting such an urban population proved to be excellent cases to the contrary. The one exception significantly reinforced the rule, for it was a minority group that had maintained rigorous isolation from the surrounding urban society and culture. Neither factors of sanitation, nor nutrition, nor the availability of contraception seemed to be the vital factor that we were involved with.

Biologists' Findings about Crowding

As we carried through this study we became more and more impressed with another factor that has almost completely eluded the study of demographers and sociologists but which, strangely enough, had been given attention by biologists in the study of the effect of crowding on lower animals. A superficial understanding of genetic heredity had led scientists to believe that there was no carryover of inherited influences from generation to generation because genetic characteristics are relatively constant. Consequently, with the assumption that each generation in effect began with a fresh start so far as biological inheritance is concerned, only the immediate generation-long influences were given consideration and study. That there might be cumulative influences from generation to generation has almost been beyond consideration. . . .

We have increasing evidence of the effect of large cities upon populations — that the longer a population is within the large city complex, the more severely it is adversely affected by highly urbanized living — not on a short-term basis but in the course of several generations. A leading authority in population research, Warren Thompson, put this briefly in the following statement: "The deadliest enemies of mankind at the present time are not disease, war, or famine but the industrial conditions of the cities; they not only take their heavy toll in death but prevent their victims from participating in the future because they sterilize them." Many sociologists and demographers would rise up in wrath at having this quotation from several decades ago read today. I suggest that they are the people who are out of date. For one study after another is proving that lower animals duplicate the same pattern of behavior as we have found in regard to human beings, as they are affected by crowding equivalent to that of human beings in large cities.

In the February 1962 *Scientific American* a lead article is entitled "Population Density and Social Pathology" with the subtitle "When a Population of Laboratory Rats Is Allowed to Increase in a Confined Space, the Rats Develop Acutely Abnormal Patterns of Behavior and Even Lead to the Extinction of the Population". . . .

Still more important, in terms of the points I am seeking to make here, is an article in the January 1962 issue of *Science* by Kim Keeley, in which it was shown that the offspring of animals adversely affected by crowding were still abnormal even if the offspring did not themselves live in a crowded environment. This showed that the effect of crowding is cumulative from generation to generation, leading sometimes even to eventual extinction after crowded conditions had ceased to exist.

With such considerations in mind this subject was surveyed in 1963 by Dr. Esther Milner of Brooklyn College for the American Association for the Advancement of Science. She went on to ask, "Does population congestion in some way undetermined contribute to the breaking down or distortion of this inter-generation relationship or some form of inheritance? Obviously, if we simply don't care about the kind of society we will become in the future, and the kind of people who will make up that society, there is no point in our being concerned today about the psychological effect of increasing population concentrations upon tomorrow."

It is fairly well established that excessive concentrations of population adversely affect mammals through some forms of stress and overstimulation. In one study after another this has been found to have been the case. At Johns Hopkins, Kirt Richter and others in the Psycho-Biological Laboratories proved it in their study of the crowding of rats and the consequent overdevelopment of the adrenal cortex as evidence of stress, with consequent impaired resistance to disease.

The February 1964 *Bulletin of the Atomic Scientist* carries an article by Dr. Hudson Hoagland entitled "Cybernetics of Population Control." In this he refers to a 1939 study of animals affected by overcrowding, particularly among jack rabbits. "The adrenals were hyper-trophied in some cases, atrophied in others . . ."

John Christian, in a paper in the *Journal of Mammology*,¹ writes, "We now have a working hypothesis for the die-off terminating its cycle . . . In all cases experimentally investigated the mortality is found to be dependent on population densities and to cease below a certain critical population density. Social stress can lead to casualties at all ages, both due to direct and mortal combat and through stress-induced disease. Cases are known of birds, mammals and amphibians similarly dying from non-specific injuries induced by stress."

Hans Selye, perhaps a leading authority today on stress, asserts that stress is a primary cause of disease.

There is no reason for thinking that the cumulative effect of stress through bad parenthood would not increase from generation to generation. If this is true in lower animals, we can certainly expect it to be true of human populations in our large cities, and our evidence points strongly to that conclusion, though the demographers do not yet have the statistical evidence in such a form as to be able to test this hypothesis at the present time. But it is undoubtedly true that stresses in our large cities are very great, and tend to be proportionate to the size of the city or to the population concentration. Some of these stresses are of kinds about which we are ignorant. For in many ways inhabitants of large cities are extremely isolated as compared with the inhabitants of many small villages which are very able to maintain their population from generation to generation without loss.

We cannot say that human populations will certainly respond in the future as history seems to indicate that human populations have responded in the past, and as lower animals are known to respond to overcrowding. But to confidently assume that mankind will make the grade into a fundamentally different manner of living when throughout history he has not made this change, and when most free lower animals have not made it, is scientifically untenable, and bad statesmanship.

So similar is the pathology of overcrowding that is obviously developing in our large cities to that of lower animals that in the course of their studies at Johns Hopkins, I am told, they asked to have a physical anthropologist join in the studies. What we see to be degenerative patterns in the breakdown in the slums of our large cities as in the increasing caseload of welfare agencies, psychoses, sexual deviations, and the increasing, to the point of doubling every few years, of crime rates is very nearly identical to the pathology that is observed in the overcrowding of lower animals. That some of these developments are taking place in rural areas is certainly true and to be expected, from the crowding of children in large consolidated schools and school buses on the way to school. . . .

The effects of stress and the consequent devitalization of human urban population are not simple and uniform. In some it is masked by the instinctive harboring of scarce nervous and physical resources through people not marrying at all, their having no children, or bringing up only one or two children well cared for. In others this may find expression in social breakdowns, with a higher birthrate of children who are physically, psychologically, and socially unfit for economic and social functions . . .

Let us suggest that there is perhaps a 40-60 or 60-40 chance, or perhaps a 90-10 or 10-90, chance that the large metropolitan populations—the large congregation of our American population in urban centers—will provide the most wholesome living conditions, as contrasted with the chance that the basic structure of our population distribution presents serious disabilities. It may be granted that this is an unproved case either way—whether the odds are with or against the large city. We should face the fact that we do not know. If the odds are against the genetic welfare of large city populations in the future, as evidence shows that in the past large cities have usually had to be replaced at a fairly high rate generation after generation from the rural areas, we must consider whether we have the most desirable population system. Granted, this process of urban migration would help

¹ "Adreno-Pituitary Systems and Population Cycles," *Journal of Mammology*, 1950.

take care of excessive birthrates by virtue of the genocidal effect of large city living if these factors prevail in the future as they have in the past.

As the population is thus crowded into our large cities, a relatively unstable hinterland population has tended to result over most of the world. Repeated studies have shown that the hinterland that is left behind after a high degree of urban migration is commonly culturally deprived and depressed and economically impoverished. The result tends to be that the hinterland loses the qualities that make for the supply of a high order of replacement in the large cities which require new levies of population from rural and hinterland areas. There may be a slow but progressive degeneration in the hinterland society which has to supply the metropolis, just as would take place in the case of a farmer who butchered his better livestock and bred from his poorer stock.

Large Cities and Progressive Rural Life

Large cities have great value. The question is whether it would not be good public policy to make careful inquiry as to whether some other form of human association might preserve those values and avoid their characteristic disadvantages. We are suggesting that careful study may well be made to find what types of human association will give greatest prospect for progressive rural life as a necessary foundation to enable the Nation as well as its large cities to replace their population.

*National Gallery of Art
Auditorium
Washington, D.C.
Morning, October 28, 1967*

The effect of zoning on land use, and ways in which land-use planning might be improved to meet newly recognized needs for social communities, were subjects of testimony and discussion on the morning of the last day of the Commission's public hearings.

EXPANDING CITIES AND LAND USE

MR. DOUGLAS: Ladies and gentlemen, I think we should convene. This is the 18th city in which the Commission has been holding hearings — from Boston to San Francisco, from Dallas, Texas to Detroit. It has been a great experience for me, and I think virtually every member of the Commission. I think we have learned a great deal, and we are still learning. We appreciate you people taking the trouble to come and testify. We have had both large crowds and small crowds like today. But the hearings are to be published and very carefully studied, and your testimony will play a part in the final recommendations which we make. We are greatly indebted to the witnesses taking the trouble to prepare statements, and to come at a sacrifice to themselves.

It is our custom to have someone from the community or the state in which the hearings are held to preside. We are very fortunate in having Mrs. Chloethiel Woodard Smith as a member of our Commission. She is a distinguished architect, who has drawn the plans for

some of the finest and most impressive buildings in the country. She is, of course, also a resident of Washington. She is presiding at the hearings in Washington, both yesterday and today, so I will turn the meeting over to Mrs. Smith.

MRS. SMITH: Thank you very much, Senator Douglas. Our three witnesses this morning are Mr. Hunter Moss, Mr. Marion Clawson, and Mr. Robert Simon. Mr. Hunter Moss,¹ who has an impressive record in urban development, will be the first speaker.

STATEMENT BY HUNTER MOSS

Suburban Developments Do Not Have to Waste Land

MR. MOSS: Thank you, Mrs. Smith. Senator Douglas, and members of the Commission. The question has been asked: "Why are suburban developments wasteful of land?" Truthfully, I am not sure that the individual development is wasteful of land, if you look at it from the developer's standpoint. I am a developer, and I have just purchased 20 acres of land in Boca Raton, Florida, near the new IBM plant and south of Florida Atlantic University. In my purchase I have analyzed the zoning, which allows five-story buildings. I have determined that I must come up with a parking ratio of one-and-a-half spaces per apartment. I want to provide the necessary recreation facilities to support 450 families, and I have come up with a density of 23 units per acre.

I still have open space, and trees, and grass, but I come up with the maximum coverage consistent with the creation of a good community. I purchased my land not on the basis of cost per acre as it is sold, but rather on a basis of cost per apartment. The economics of my development indicate that I should not spend more than \$1,000 per unit for my land, and I, frankly will come out just under that figure.

The only reason that I cite this case is to indicate why I do not believe that suburban developments are wasteful of land. Developers cannot afford to be wasteful and are inclined to put as many units per acre on the land as the zoning will permit.

Your next question might be: "If zoning had allowed, would you have built 10- or 15 -story structures?" The answer is "no," since the land cost would have undoubtedly been higher, the cost of construction would be greater, and the combination would not have been justified by the rental market. And this points up one of the interesting problems relating to land use, which is that much land is bypassed for development because the owners have an exorbitant idea of the worth of individual tracts, making it impossible for developers to

¹Owner of Hunter Moss and Company, real estate developers, Miami, Florida. Thirty years' experience in appraising, managing, leasing, construction, and financing of real estate, downtown renewal, and resort properties throughout United States and Caribbean. President, Urban Land Institute.

purchase them and still make a profit. In growth areas, and I am thinking of South Florida, there are many tracts that are ripe for development, but the owners are waiting for higher prices later; and sometimes they hope for rezoning to a lower classification, which would permit more units per acre and thus justify a still higher price. For the developer who is anxious to buy land, it means that he must look elsewhere and thus leapfrogging occurs, forcing the extension of utilities to land that is often beyond the tract being held out for future sale.

I don't think this is the fault of zoning, although the ability to get spot zoning changes often encourages land owners to hold their tracts out of development. The difficulty is more with the individual land owners who will not sell, thus creating a haphazard development pattern. If such bypassed tracts are able to hold very low land assessments, the owners can hold on for an indefinite length of time, waiting for more money later. In this connection I am thinking of a tract in Florida which is surrounded by hotel and apartment houses that still are zoned agricultural since the owner claims that it is being used as a palm tree nursery. I am afraid the life of that nursery will be short if the right price should be offered for the land.

Land Assessments as Control on Leapfrogging

It is my feeling that the right of the individual to make a profit should not be infringed upon. But by the same token this right should not be carried to such a degree that the community must pay for it in inconvenience or more costly utility and road extensions to outlying tracts. The only possible public control is, therefore, land assessments on vacant parcels consistent with those on surrounding developed tracts. This I recommend.

The matter of attractive appearance and good taste in suburban developments is an important point. All too often we see the same bad architecture repeated over and over again with no thought for design, layout, landscaping, or even changes in exterior color. This trend is justified on the basis of "keeping the cost down." Low cost means more than quality design, and the public is as much to blame for this as the builder-developers. If the public will accept low quality, poor design, and small areas, the house builders and apartment builders will cater to them. But there are bright spots on the horizon, since there are many examples throughout the country where good design has been accepted by the public, and this should upgrade the entire market.

Money and Mundane Design

The basic problem, however, is a straight matter of economics. On my 20-acre tract at Boca Raton I was anxious to create a different apartment design. I wished to make the first floor almost entirely a

garage for the convenience of the occupants and also to keep the cars out of the hot sun and weather. But this arrangement meant the creating of wider spans, which meant heavier material, and the end result was an increase in cost which was not justified by the rentals that would have been received.

Furthermore, the mortgage lenders to whom I showed the plan said they would not be able to come up with as satisfactory a commitment as if I had stuck to the more "normal" type of building. Further, they said there was no indication that the more spacious living room, made possible by the broader beams, would be accepted by the public "since there were no existing examples of it," and, therefore, the rentals I projected were discounted. I have ended up building a more conventional structure, which in many respects is a copy of many existing buildings, and with the parking out in the sun or rain, and the individual housewife has a longer carry for her groceries.

This merely indicates that if, as an apartment house builder, you want to construct a better mousetrap, you will have to do it with your own money. Too many mortgage lenders who are really no more advanced in their thinking than the most unimaginative member of the finance committee, and the well-heeled developer is the only one who can really afford to experiment.

As a developer, I have thought many times about how to construct decent housing for the low-income and for the Negro segment of our population. Two years ago my company conducted a "Housing Needs and Resources Study" of the City of Miami. In the process of this study we interviewed more than 6,000 of the households in the city, and I personally inspected every city block. We first of all found that there was need for approximately 42,000 housing units because of housing to be lost through the highway program and urban renewal, because of deteriorated and dilapidated housing, because of overcrowding, and also because of future population increase.

To meet this need, we found that through renovation, through urban renewal and public housing, and from the development of vacant land, only 40,000 housing units could be provided, with the difficult problem that the housing that might be provided on the vacant land would not be catering to those who need the housing units the most.

We found in the City of Miami that in the five years from 1960 to 1965 the Cuban population had increased by 192 percent, the Negro population by 32 percent, but the non-Cuban white population had decreased by 6 percent. The question, of course, is: "With this kind of an increased population, and with the obvious demand, are units built to satisfy this need?" The answer unfortunately is "no."

The reason is one of economics and also of prejudice. In the five-year period up to 1965, a total of 9,187 housing units were constructed in Miami, much of it in the form of highrise apartments catering to the market in which rentals are at a minimum of \$40 per room per month. This means that a one-bedroom apartment commands a rental of \$140 per month. Such rentals must be achieved in order to justify the cost of the underlying land and the cost of construction. However,

the \$140 apartment indicates that the prospective tenant must have an income of approximately \$8,400 per year based on the rule of thumb that a family spends 20 percent of its income for housing. Such an income is considerably in excess of that found in the Negro and Cuban communities, in particular where so much of the city's need exists.

From the 1960 census, the median income for families in this city averaged \$4,450, while the median income of the Negroes averaged \$3,310. We further found that their average rent was \$76 per month, for units of 4.5 rooms on average, and this indicates a rent per room per month of less than \$17. Such rentals just do not justify new construction unless some form of subsidy is granted.

The FHA 221(d)(3) program,¹ of course, does represent a subsidy in the form of a low interest rate, and also a long term of the mortgage; but to me it is unfortunate that this program has been so heavily geared to the nonprofit sector of our economy, which has eliminated some of the real housing know-how from participation. As an aside, it might be added that the local communities where many of the FHA 221(d)(3) projects are located have not felt any particular compunction in coming up with heavy assessments, resulting in heavy taxes, even though the low interest rate and nonprofit format justify low rents.

Where the communities use the replacement cost approach for assessed value, the taxes will often come out in excess of 20 percent of the effective gross income, which is a disproportionate share of the gross. Somehow the communities should become partners in this program if this form of low-cost housing is to survive.

Place of Public Housing

FHA 221(d)(3) housing, however, is not really for the low-income citizen, and it is my feeling that this can only be provided through public or subsidized housing. I have been both an urban renewal commissioner and a public housing commissioner in Baltimore and, therefore, I do not take the historic private real estate man's somewhat jaundiced view of these programs. I am for them, and my only lament is that we have done so little to date. But the problem of where to get the land continues to be a difficult one.

The public housing authority often attempts to buy land away from the center of town, "in order to not recreate a ghetto." But the existing residents in the area surrounding the land to be purchased object violently to the "movement of the slums" into their areas, the bringing of lower-income residents as neighbors, and the feeling that the schools will be overcrowded and the educational standards often lowered.

The attempt has been made, therefore, to have the public housing projects contain a smaller number of units, so that the effect on the

¹ See page 10.

total community where they are being constructed will be less apparent. This, of course, often means that both construction and management costs are higher; but it may be the only way to get the job done.

Last December, the Urban Land Institute, of which I am President, and Princeton University jointly put on a two-day conference in which 40 of the top consultants, developers, planners, architects, and mortgage lenders conversant with central city problems met to discuss what progress has been made to date in resolving the problems of their cities. The results of this meeting have not yet been made public, since we were all talking very much off the record, but I remember one of the participants in particular who was commenting from his experience as to how well racial and economic levels mixed. It was his conclusion, and agreed on by the other members with similar experience, that different racial groups on the same economic level can mix and that the real problem is the mixing of those on different economic levels or with different economic backgrounds. Thus, too often if a public housing project is put into an existing community, the public housing project will become a ghetto, and the children from the project are in the position of observing a few more privileged children who have everything or at least more than those in the public housing project. An example was cited of one private development with a swimming pool across from a public housing area. The public housing children have tried to fill in the pool with rocks and broken glass, which has only tended to create antagonisms which the new public housing had hoped to alleviate.

As a member of the Community Relations Board in Miami, I feel strongly — especially having visited the entire city of Miami — that we must come up with jobs and housing if we are going to lick the problems of the underprivileged and of the Negro. How to accomplish the housing part of this is not easy, but I feel that the combination of the urban renewal process and public housing can do much. Only public housing can get the rents down to where they belong unless we are willing to accept much lower housing standards.

A month ago, I was talking to a gentleman from the Hong Kong government who was visiting in the United States to study our low-cost housing program. He made the statement to me that they handle the problem very differently from the way we do. He commented that we create minimum housing which often is better than has ever been experienced by the new occupants. We then set to work to train or educate the occupants up to the housing. In Hong Kong their housing standards are much lower, and more in keeping with the economic background of the individuals to be housed. They provide adequate shelter with minimum plumbing, but with little else. It is my feeling that we must take a page from this book if we are going to get on with our desperate problem of combating slums. Any lowering of housing standards will, of course, be labeled as a "rebuilding of slum housing." But if we are going to decently house our low-income families we must come up with some way to lower our unit costs below the \$13,000

to \$14,000-and-up figures that are becoming standard. My Boca Raton units are costing a fraction over \$12,000 per unit, and my standards are high. If I reduced sizes and gave up frills, this could be reduced by at least 10 percent. If we are going to get the job done, the frills must go.

In a private nonsubsidized development, the minimum rental that can be expected from normal financing with $7\frac{1}{4}$ percent interest on a 25-year term, is \$70 per month for a one-bedroom apartment with a room count of three and one-half or \$20 per room. To get this down to public housing rentals, or approximately \$35 per month, requires a subsidy of \$10 per room per month. Subsidy can be in many forms: rent supplement, low interest rate, low or waived amortization, real estate taxes set at a percent of gross such as 15 percent or a combination of a number of these.

If private enterprise is to do the low-rent job the following ingredients are necessary in today's market:

1. Conventional mortgage loan with a limit of 75 percent of appraised value, current interest rate of $7\frac{1}{8}$ percent to $7\frac{1}{4}$ percent on a 25-year term with a constant payment of approximately 8.6 percent. This is the current market.

2. A return to 25 percent equity of 12 percent to 13 percent minimum before depreciation.

3. Real estate taxes limited to 15 percent of actual gross.

4. Management by the developer at a fee of 5 percent of actual gross.

5. Replacement reserve escrow following FHA standards.

6. Rent supplement, payable monthly upon presentation of actual operating statement for the previous month showing income received, actual operating expenses, and fixed charges, including those indicated above.

If such a program were available, I as a private developer could have units available for occupancy in 10 months. I could do it without government-insured or -guaranteed financing, and at the 10 percent cost saving from my Boca Raton experience without the frills.

These are somewhat random thoughts, and I hope that they will provoke questions in the minutes ahead. I am grateful to all of you for asking me to participate, and I look forward to seeing the results of your many hearings and deliberations.

Thank you.

MRS. SMITH: Thank you very much. I didn't explain earlier that our custom is to have all three witnesses talk first, and then we question all three together. If you can do that, that would be splendid.

¹ In service of U.S. Government for nearly 24 years, first in Bureau of Agricultural Economics, later in Bureau of Land Management; director of latter agency for five years. Economic consultant in Israel for two years, and for shorter assignments in Pakistan, Venezuela, Chile, and India. Author of many books, among them, *Western Range and Livestock Industry* (McGraw-Hill 1950), *Uncle Sam's Acres* (Dodd, Mead 1951); and, with Burnell Held, *The Federal Lands: Their Use and Management and Soil Conservation in Perspective* (Johns Hopkins Press).

I next introduce Mr. Marion Clawson,¹ who since 1955 has been director of the Land Use and Management Program of Resources for the Future, a nonprofit, private research and educational institute financed by the Ford Foundation. Mr. Clawson.

STATEMENT BY MARION CLAWSON

MR. CLAWSON: Thank you very much. Senator Douglas and members of the Commission. I am going to speak informally. As my background indicates, I gradually have become acclimated or accustomed to the city, having begun in the great open spaces and sneaked in, perhaps through the back door.

My interest professionally this morning is going to be primarily in the conversion of land, the whole process of change in land use from various forms of rural uses, including agriculture and forestry, to various forms of urban use, particularly residential housing, and I am going to talk a little bit about the decision-making process that goes into this conversion.

Actually, when we talk about land, we are interested in people, the people who use the land; although I am going to speak about land, I hope nobody thinks that I am uninterested in the people who use this land.

Rural-Urban Conversion Process under Study

We are making a study of the whole rural-urban conversion process. We have been calling it "The Urban Impact on the Rural Countryside." I am sorry that our work is just really getting underway. The most optimistic schedule I can think of is we will have a book off the press some time in 1970. In other words, it is quite a way down the road. We are perfectly willing to make available to the Commission or to its staff any of the results of our work as they come along during the next year or more, and we certainly would be happy to consult with your staff or with you.

I might add that a closely parallel study is going forward in Great Britain under Political and Economic Planning (PEP). We have helped finance their work and they have a very impressive team of young men working on it who have been over here, and we have been over there, and we are trying to carry the two studies forward closely enough in parallel so that when each one of them has been finished, we will be able to draw comparisons between the two countries as to the extent differences in governmental organization and planning have resulted in differences in land-use conversion and in present use.

Now, let me start off by saying that I think it is generally agreed that there is fairly widespread dissatisfaction with the kind of suburbs that have developed since the war. Criticisms have been made on a great many different grounds, and I don't intend to go into these.

Many people can do this much better. It is also, of course, true that a great deal of fairly comfortable housing has been provided and fairly attractive communities built, and it depends on which side of the coin you look at.

Still Some Idle Land for Urban Use

My own analysis very much supplements that of Mr. Moss. I think the wastage of land has not been primarily within a given subdivision but between them. I have estimated, and these estimates are in print — and I hasten to say they are very, very crude estimates but that no one has been able to indicate anything better — that there is probably as much idle land within and around the city as there is land actually used by the city. You see, it depends a lot on whether you look at the city from the point of view of us farmers, if I may be called a farmer; we say the cities use a great deal of land. If you look at it from the point of view of the city planner, he says the acreage of land actually in use by the city is much smaller. In fact, I think the acreage used is about one-half of the acreage withdrawn from other uses. There is an enormous amount of idle land within the established cities, much more within the suburbs, and quite a lot all around the outer edges.

Better Information Needed on Land Use

I would like today to emphasize only two major points. The first of them is that data on land use, on land used for urban purposes, in the United States are very poor. The data are just very bad. We all look to the Bureau of the Census and rightly for accurate data on population and employment, housing, and a great many other things, but the data on urban land use in the census reports are very bad indeed — partly because they have never directed their attention to it, partly because they haven't had the funds to do it, and perhaps because some different approaches are needed. In particular, the concept of the Standard Metropolitan Statistical Area and the concept of urbanized area fit very well for population and employment, but are very bad measures of land use for urban purposes.

Even within the urbanized area there is a substantial amount of idle land. Many people cite the figures on area within the SMSA's or within the urbanized area as though the land were all solidly used; and you have people say we are running out of land.

This, if I may say so, is nonsense. We still have a very substantial amount of unused land close to our larger urban cities.

It is true that since the war a great many cities and metropolitan areas have made special land use studies either as part of a transportation planning study or as part of a general planning study, and sometimes a great deal of data has been collected, sometimes at considerable expense. As sources of data, these are very bad indeed, because they vary from city to city, and from time to time, and it is totally impos-

sible to make meaningful comparisons between one metropolitan area and another or between one time period and another.

Two major efforts have been made in the last five years to improve this situation, and I am sure that some improvement has taken place. The Bureau of Public Roads and the Urban Renewal Administration published a *Standard Land Use Coding Manual* which I am sure many of you are familiar with; and that same group worked with some of us at Resources For the Future, and we published a book, *Land Use Information*. I do not have extra copies of the coding manual. You can get those through the Government Printing Office. We would be happy to provide copies of our book to anyone who is interested. I brought a few copies this morning.

Incidentally, one of the Appendixes in the book is the *Land Use Coding Manual* in toto.

The proposal has been made that the Federal Government, perhaps through the Bureau of the Budget, should begin to establish a set of standard land-use definitions much like it has established a standard industrial code, for the classification of all manner of statistical data. I would certainly like to suggest to the Commission that one of the things to which you might give some attention is the improvement of data in this field.

This would not solve the present problem of the city. It isn't perhaps ever going to solve these problems, but assuming that we are not going to solve these problems in the next three years or five years, better information is going to be very, very helpful indeed. I think that some constructive things could be done. I think the situation is at the point where a little impetus from a group such as yours might produce a great deal of results.

Too Many Cooks in Decision-Making

The second point that I would like to make again ties in with much that Mr. Moss said, that the work we have done on our project data impresses me enormously that the responsibility for decision-making in this whole urbanization process is extremely diffused. A lot of different outfits are involved in the decision-making process. Public agencies at every level of government are in it in some way or another in terms of not only zoning, but in terms of extension of public services such as roads, and especially sewers. In many instances, I think, the sewer builders are the real planning agents of the area. But many of our financial arrangements — again, Mr. Moss has mentioned many of them in much more detail than I could — such as the whole business of mortgage guarantees and various amortization arrangements, various subsidization arrangements, and I would argue also, many of our income tax provisions, have all had an effect. I think they have definitely made it more profitable to buy houses than to rent, and I think they have indirectly been a factor in pushing suburbanization

outward. Local real estate taxes have generally favored land speculation. There is no question of this.

The capital gains tax on increases on land prices have certainly favored speculation in land, because if you are in a high enough income bracket, the capital gains provision on rises of land prices can be very attractive as compared with ordinary income.

I would argue that in this whole picture land-use planning by local bodies, cities and counties, metropolitan agencies, has been pretty generally ineffective. Time and again, plans have been set up for which there was simply no machinery to carry them out.

Local Land-Use Planning Ineffective?

In fact, I have said sometimes local land-use planning has been close to being a fraud. It has promised something that the planners are totally unable to deliver. I think it has had other more technical deficiencies, but I don't want to go into those today.

I think that it is also true that land-use zoning in the developing suburban areas has not been very effective. I am not talking now about the effectiveness of zoning for an established residential area where you are trying to preserve the character of the area and keep out new nonconforming uses.

When you are talking about an area that has not yet been developed to any substantial extent, zoning has just not been a very effective tool. Irrespective of any mistakes that might have been made in zoning, it simply has not stood up under pressure. After all, if zoning is to mean anything at all in the final results, it is going to encounter some opposition from various groups, and if it cannot stand up under pressures, then it is generally ineffective.

Now, I hope I am not talking too long. But if we sought a more orderly and different kind of suburban development in which you built up the suburbs more solidly as you went out, and had less widely flung suburban areas; if you had, therefore, a lot less idle land within the built-up areas; and if the suburban developers were to be able to acquire land in units adequate for their development — I was very much interested in Mr. Moss's comments on this point — and if we were to have much more permanently reserved public open space within the suburban areas, what kind of tools might we use in the future? Well, I am now doing a most unscientific thing in prematurely drawing conclusions, and I see professors and ex-professors on this Commission, and I hope you will forgive me.

MR. DOUGLAS: We are the greatest heretics of all.

Tax, Zoning, Land Assembly Measures as Aids

MR. CLAWSON: I hope you will forgive me if I give you some of the conclusions of the study which is just beginning. But I assume you are interested in these, and will let me offer them up. The reaction I get

may teach me some things about them and help to guide our research.

It seems to me there were five or six things that could be done singly or in combinations. In the first place, it seems to me that in the developing suburbs, the cost of extension of local government services ought to be fully borne by the area served. Time and again an outlying suburb hooks on to a water line or the sewer line or the power line and certainly uses the roads in each case without bearing any of the cost to tie it back to the central area. I think we have considerably subsidized the use of our outlying areas, and I think that there could be quite a bit done in terms of different pricing of these local governmental services.

Again, I was very much interested in what Mr. Moss said. It seems to me that local real estate taxes ought to be geared to the zoning classification of the land. When you rezone an area for a purpose, it ought to immediately bear taxes as though it were used for that purpose. We lack firm, hard data, but it is generally accepted that idle land within these different areas pays a substantially lower amount of taxes than developed property, each in relation to its value.

I feel fairly strongly that we have got to give some legal powers for land assembly to private developers. I don't see why we could not extend powers of eminent domain to private real estate developers under carefully defined control conditions just as we have extended such powers to our public utilities — the electric power lines and the like.

It would have to be carefully done, and I am speaking now as one who has been a public administrator with the powers of public domain. You don't use it very often if you have it because you find negotiation much more profitable if you have the power. I am thinking of the possibility of assembling much larger tracts, where you would assemble most of the tracts by voluntary option and purchase, but you use powers of eminent domain to round out and fill in much larger tracts.

I would like to see legal powers and financial resources extended to local government, counties, and cities, for land purchase and land subdivision and sale, and I think there could be some Federal assistance to such local units of government in carrying these things out.

If the county had authority to buy large idle tracts within the general urbanized zone, you could certainly put considerable pressure on the holders of such land to sell it and to develop it. For one thing, if the local unit of government made a firm offer of a price, this obviously establishes a market price, and real estate tax assessment could then be based upon that price. I think it could be very profitable to tie up public purchase and public development with the taxation business — local real estate taxes. Not with the idea that the local government is going to develop land itself, but is going to make the land available to private developers to carry forward.

Special Suburban Development Districts

And lastly, a proposal I made some years ago. I am sorry that it is out of print now, but I brought a few copies. I proposed some time ago—in 1960 to be exact—the possibility of suburban development districts with modest legal powers and modest financial resources, modeling this in considerable part on some of the experience we have had in the agricultural field. In agriculture we have had irrigation districts, drainage districts, weed control districts, and other kinds of districts with special legal powers to raise money and to expend it and to exercise control.

The most compulsory controls that I know of anywhere in the whole land use field are some of the weed control districts. A farmer who was being infested with weeds that came from his neighbor's land was perfectly willing to modify his principles about public and private action to prevent this kind of weed infestation. As a result, we have seen some of the most restrictive and toughest legislation in this whole field in weed control.

I think I have talked long enough, Mrs. Smith, and I gather that perhaps I have stirred up some reaction, and I wait with a good deal of interest for questions.

MRS. SMITH: Thank you very much.

Our next speaker is Mr. Robert E. Simon, Jr.¹ He is known in our area most of all for Reston, Virginia, a new town which he started, and which has become one of the places to visit and see. Mr. Simon.

STATEMENT BY ROBERT A. SIMON, JR.

MR. SIMON: Senator Douglas, Mrs. Smith: I should like to depart from my prepared statement a little bit to discuss some of the ideas about land use that were expressed by the two previous speakers. I think that perhaps the phrase "wasted land" is used differently by different people. I do believe there is enormous waste of land within subdivisions, even of more concern than that, between subdivisions. In a subdivision of, let's say one-quarter acre to one-half acre lots, the siting of houses and roads leaves very little land that is useful, except for flower gardens and tiny lawns. The cluster system with which you are all familiar allows for siting housing and roads in such a way as to leave useful land for all of the people. Mrs. Smith has designed a cluster of 90 houses in Reston which is a marvelous example of how a density of five houses to the acre can produce useful open space.

¹ President of Simon Enterprises, real estate company, owning and managing commercial and residential properties in U.S. and Canada. First president of Reston, Inc., developers of new town Reston, Virginia, 18 miles from Washington, D.C., for population of 75,000. Chairman of the Board of Gulf-Reston, Inc., successors, since September 1967. President of Carnegie Hall, New York City, 1938-60.

Within the central cities there is another kind of waste of land resulting from the separation of functions and uses. This waste can be expressed in the percentage of time in which land, roads, and facilities are idle in a typical city. The commercial area is only used intensively during a limited number of hours. It is not used at all during other hours. There are roads to serve workers during the day, and there are other roads to serve them at night when they go home. So some of us consider this a waste. If mixed uses were fostered by zoning ordinances rather than the separation of uses, there would be much less of this kind of waste.

I should like to say that I agree heartedly with Professor Clawson's ideas concerning the public acquisition of land for development. I am not so sure about his idea of giving private individuals the right of eminent domain. I couldn't agree more with his thoughts that planning has been ineffective, almost fraudulent, because an adopted master plan seems to promise something that is often not realized. The logical and important step to be taken is to involve the communities as Professor Clawson suggested, in buying tracts of land, in planning these tracts, and then selling to private developers subject to the plan.

The results of this process are wonderful for the developers and for the community. The developer doesn't have the hazards of trying to assemble a tract, the hazards of trying to get desired planning approved by the community, the hazards of having to pay carrying charges on the land until it is ready for use. The community gets the benefit of a plan implemented as contrasted to a plan planned. It also gets the increment which the community should have from the fact of the rezoning, from the fact of implementing the plan. This increment could very well be used by the community to build community facilities.

Significance of Facilities and Programs

And community facilities bring me to the area I have chosen for major emphasis this morning, although it may be outside the province of what was suggested for discussion. I should like to suggest that land use in the usual sense of the word is very unimportant, and housing is very unimportant compared to facilities and programs. And as I read your assignment as a Commission, it is to come up with new and innovative and workable ideas to make the cities more livable, to improve the quality of city life. I believe that it is in the area of facilities and programs that this can be achieved, that we have had decades of public housing construction without substantial change in the quality of the lives of the people living in the projects.

I believe we have found that the quality of shelter is not of as much importance to the individual as what the individual does with his time; and in actual terms this means programs and facilities; educational opportunities for all ages; job opportunities; and, in this era

of the short work week, opportunities for the entertaining and worthwhile use of leisure time. Television shouldn't be the main resource for spending time left over from working and sleeping.

We have had considerable experience at Reston with a middle-income group which I believe is transferable to other income groups. (Reston's first citizens have mostly been from the middle-income sector of society. Plans call for a true cross-section, with housing for members of all income groups that work in Reston and want to live there.) Some of the lessons we have learned in Reston seem to have universal application.

One of the things we have learned is that facilities do generate activity. Specifically, the walkway system at Reston does result in people doing a lot more walking than they would have otherwise done — it does make the children of Reston much more mobile than they are in other communities. As a matter of fact, just yesterday I was in the Reston kindergarten; word got out that two children hadn't turned up yet; they were both walkers. One of the teachers called the children's homes to hear that they had left some time ago. A few minutes later they turned up. They had been diverted along the way. The principal of this school feels that the additional mobility has made for additional self-confidence in the children. This results from building walkways. Certainly the fact of the lake at Reston, in a residential community, has resulted in more boating and fishing than would otherwise have been the case.

Then there is the Lake Anne Community Hall; it is astonishingly active. There are people there involved in amateur theatricals, all kinds of dance — ballet, modern, folk, and square — and in sculpture, in extension courses, and in choral singing. And this involvement is to a greater extent than would have been the case if the hall weren't there.

I could go on, but in the interest of time, let me just discuss briefly two specific programs which are in the process of development in Reston that I think have relevance to central cities — to the poorer sections of central cities as well as to the middle-income sections.

The first is a program for children — but really it is for mothers. The idea is that mothers should be freed of the responsibility of taking care of their children when they want to. There should not be day-care centers with long waiting lists. The community should take on the responsibility of providing all mothers with freedom from child care when they want it so as to take jobs, or for educational or leisure-time activities, or for vacations.

On analysis, it was apparent that to build special day-care facilities for such a program would be prohibitively expensive — capital costs would be astronomical. So there evolved the idea of a training institution for those mothers or other people who wanted to take care of children. Applicants to the institution would receive the training appropriate for them, and then they would receive in their homes the children of those mothers who wanted to be freed of the responsibility.

The mothers who are operating the "home care" would be under the supervision of the institution. This would not only involve mothers, but in the after-school program and in the summer program would offer employment opportunities for teenagers and others.

The second program is a nature program. In every city, as well as in the country, there are undoubtedly some people who like the exercise of working with nature — flowers, vegetables, shrubs, or trees. By providing them with the opportunity for such exercise there could be better looking parks and open spaces for all, as well as a healthy activity for the few. This is the essence of the program operated by a paid supervisory staff and volunteers to take care of public lands — in Reston, homeowner lands and cluster lands.

To summarize my recommendations: (1) A massive program of land acquisition, so as to give communities genuine control over their future. Unless government undertakes the responsibility of acquiring land in advance of need, nothing much will be done about the physical city. (2) (a) Within areas of new development, land reservations for community facilities, and in already developed areas, surveys of all public facilities, to foster their being used to their maximum. (b) Substantial increase in community facilities. (c) Annual operating budgets of a size so that essential programs can be well run. Even for programs operated with volunteers, there is need for paid professional supervisors.

QUESTIONS BY COMMISSION MEMBERS

MRS. SMITH: Thank you very much. The way we try to handle the discussion, if possible, is to give each commissioner and the chairman an opportunity to ask questions of any one of the three people. I would like to ask Senator Douglas to start the questions.

MR. DOUGLAS: *May I say that all three of these papers were extraordinarily interesting. Very fine and very suggestive. I have only, I think, a couple of questions. The first is directed to Mr. Moss. You purchased your land for about \$23,000 an acre, is that in fact correct?*

MR. MOSS: It will end up being that, yes, with all the utilities.

MR. DOUGLAS: *Do you have any estimate as to how much this land would have sold for 10 years ago?*

MR. MOSS: I actually bought the land for \$14,000 an acre and the rest of it, to get up to \$23,000, happens to be utilities and roads and so on.

MR. DOUGLAS: *\$14,000 raw land?*

MR. MOSS: Raw land.

MR. DOUGLAS: *And this is what it sold for 10 years ago?*

MR. MOSS: Oh, then it would be an infinitesimal figure, because of the growth of the community. In other words, 10 years ago, it probably was at the \$2,000-an-acre range.

Tax on Rising Land Values

MR. DOUGLAS: *Does this lead you to any conclusions about the taxation of land values?*

MR. MOSS: Not necessarily. In other words, you are wondering whether I feel that it should be at the \$14,000 or the \$2,000 level?

MR. DOUGLAS: *No, I was wondering whether you thought that the community should take a larger portion of this increase in land values.*

MR. MOSS: Well, the taxation problem, if you use a severance tax basis, involves a higher tax than just a normal capital gains tax to be imposed against the seller, because here is a piece of land that over a period of years has gone from \$2,000 to \$14,000, although actually they didn't hold it off the market. This is not the illustration I used because the market really hadn't matured yet in Boca Raton. We are just up to it, thanks to Florida Atlantic University, which has helped to make the community. But I think there is a reason you could have a heavier tax on a sale of this kind than just the ordinary capital gains tax.

Use for Idle Urban Land

MR. DOUGLAS: *Now, the second question that I have is directed more to Mr. Clawson, but I think all three of you have a voice in it. You speak of idle land within cities, and this has always impressed me. Did I understand you, Mr. Clawson, to say that you thought that about half of the land within cities was locked up?*

MR. CLAWSON: Not necessarily within cities, Senator. If you mean within the city as a legal boundary, no; if you mean the city as a broad grouping of people, yes. I draw that distinction because many, many cities —

MR. DOUGLAS: *Do you include suburbs in that?*

MR. CLAWSON: Yes, I include suburbs.

MR. DOUGLAS: *May I be specific? Do you think we have an excessive amount of land devoted to streets and to alleys?*

MR. CLAWSON: I was in a sense avoiding that question. I would say yes, though.

MR. DOUGLAS: *You can't avoid it.*

MR. CLAWSON: I think yes, but I don't mean to dodge you. I would say that we do have an excessive amount. But what I was trying to focus upon was the extensive tracts of land which are not devoted to any use. Mr. Simon touched upon the matter of more efficient use of land. I would quite endorse all of this, but I was talking about tracts of land that, if you go out and look at them, if you are making a land use survey, you are just at a loss to put down any kind of use whatsoever. Some of this is within cities, even sometimes pretty old parts of cities. Some tracts of land have lain idle in some cases for a good many years.

There was one interesting study about some land within Chicago that had been subdivided into 25-foot front lots prematurely a long, long time ago. It had a lot of improvements; it acquired a lot of taxes; it had gone tax delinquent; it had been foreclosed upon, and it had a fouled-up title. Such vacant land had less than zero value, because to clear up the title would have cost you more than it was worth. This may be rather extreme, but around almost every city there are extensive tracts of land for which, as far as anyone can see, there is no real use. This is what I was focusing the attention on.

MR. DOUGLAS: *I agree with you completely. I wonder if anyone else would have a comment as to whether we have an excessive quantity of land locked up in streets and alleys, in vacant lots, and in dilapidated buildings which are lying vacant.*

MR. MOSS: I think the answer to that question is yes, that we do have an excessive amount. In our survey of the City of Miami, which was in connection with the Community Renewal Program, we found that there was enough vacant ground in the city that we actually spotted for 20,000 additional housing units. We also had to update the census, and we had to figure out the number of dilapidated and deteriorating units in the city. There is no doubt about it that there is a great deal of wasted land.

MR. DOUGLAS: *In Philadelphia they had developed 80 vacant lots into postage-stamp playgrounds and parks. Are there other cities which have done this?*

MR. MOSS: This experience I don't know.

MR. DOUGLAS: *Mr. Simon?*

MR. SIMON: Well, we have a few postage-stamp parks in New York — the Paley Park —

MR. DOUGLAS: *Yes, I went by it the other day. It is beautiful.*

MR. SIMON: I think the vest-pocket park program is perhaps the most important park program. Open spaces perhaps should be valued in terms of frequency of use, the most important being for every day use, then on to regional parks for weekly use, and then finally the great national parks for occasional use. But, our serious attention to building vest-pocket parks has yet to begin.

MR. DOUGLAS: *Then I understand that you favor the development of the Philadelphia idea?*

MR. SIMON: Yes, I think vest-pocket parks are the most important parks.

MR. DOUGLAS: *We had a discussion of this with Robert Moses, who came out against vest-pocket parks, and demanded parks of at least three acres.¹*

To what degree could this unused land be used for public housing, if you could get the public housing accepted in these areas? You would have small units and eliminate the 20-story skyscrapers and get scattered public housing?

¹ See New York City hearing, Volume 4.

MR. MOSS: This is a possibility, and the only serious problem is that the various vacant lots were not usually in large enough tracts, so that your units were going to have to be small.

There is one other source of wasted land, and that is land that is zoned for commercial use. There is an overabundance of it, and if there is any way you could drop your zoning back to residential it would release a tremendous amount of land and a great deal of that land — by our analysis — was in total tracts which could have been used for housing.

MR. DOUGLAS: *I think one of your comments, Mr. Simon, that there was too much land locked up in freeways — is that true — utilized only at rush hours of the day?*

MR. SIMON: Well, the car is the enemy of the planner and of the individual, there is no question about that. I am not expert enough about that to know whether we could do with fewer square feet, or however you want to measure it, of highways. It seems that the American is having a love affair with his car, and it is some kind of a symbol rather than a means of transportation. I think this is almost as much a psychological problem as it is an engineering problem.

MR. DOUGLAS: *Well, I was thinking more humbly. The possibility — if we could lick the exhaust question of automobiles — of building projects over freeways, say a 50-foot clearance.*

MR. SIMON: One such project in New York City is a disaster. It was built over a freeway connecting the East River Drive with the George Washington Bridge. I understand that its apartments are unlivable. This wasn't inevitable, but it would have been considerably more expensive to build an extended roof covering traffic in the immediate vicinity of the apartment buildings.

If there were Government funds to pay for cover over highways and railroad tracks, there could be increased development of rights-of-way.

MR. DOUGLAS: *Just one more question, Mrs. Smith, and then I will stop. The failure of this development at George Washington Bridge, is it due to noise or due to fumes?*

MR. SIMON: Both.

MRS. SMITH: Mr. Lyons?

MR. LYONS: *No questions at this time.*

MRS. SMITH: All right, Mr. Feinberg.

Zoning for Mixed Uses

MR. FEINBERG: *Mr. Simon, I wonder if you would, by way of stimulating our thinking, give us some definite illustration of what you mean when you talk about zoning for mixed uses. You stated that much land is used for certain roads and highways where they are only used certain hours of the day; and in between, of course, they are not used at all — just lying idle. Can you give me an idea of what you contemplate when you talk about mixed uses?*

MR. SIMON: A good example of this is Lake Anne Plaza in Reston. At the lower level is a commercial development of stores and community facilities. On top of this are two stories of apartments which have access from the rear at a level one story higher than the plaza level. The concept of two stories of apartments over one story of stores is thought to be undesirable, and yet when well done it can be most attractive.

Another example: There is no reason why industry of the right kind cannot be included in residential neighborhoods. Not all industry involves noise or noxious fumes. And to the extent that residential communities contain industry, people waste less time on commuting and there is less burden on roads and transit facilities.

A further example — perhaps controversial: there is a current vogue for super-colossal cultural centers. Are they desirable? Would Paris be improved if the Salle Pleyel, the Opera, and the Opera Comique could all be brought together? Probably not. Each has its own surroundings of satellite uses and other uses, thus enriching a neighborhood of mixed use. Yet in Nassau County on Long Island and in other communities, plans go forward for single-purpose centers. Good planning would dictate offices, stores, apartments, cultural facilities, and clean industry together in one complex.

MR. FEINBERG: *Well, as a matter of fact, Mr. Simon, don't we have that now in many instances where we have these highrise apartment houses and on the first level they are devoted to commercial uses even beyond the extent or the convenience of the immediate tenants of that particular area?*

MR. SIMON: Oh, I wasn't suggesting that this had never been done. It's done a great deal, but it should be done more. Some zoning ordinances, such as the fairly recent new zoning ordinance for New York City, are basically documents dedicated to separation of uses.

MR. FEINBERG: *Just to pursue the one point that you made, if I may, Mr. Simon. Do you know of any instances where there have been a successful mix of, as you say, light industry and residential, where the residential use has not deteriorated by virtue of the close proximity of the light industrial area? I am very much interested in knowing about that, because, as you say, this might be very convenient and might be very successful. But I am wondering whether or not the close proximity of industry to the actual residential area — as I have seen it, at least in the past — causes the deterioration of the residential zone.*

MR. SIMON: Perhaps Mr. Moss, who has an encyclopedic mind, can help us with this.

MR. MOSS: The development of Miami Lakes, which is a type of new town development, has housing that backs right up to campus-type industrial. They put a berm, which visually separates the houses from the industrial, and when the houses were built, they were among the first to sell. They became extremely attractive. For one reason, the people enjoyed the fact that they had this big lawn area behind them. The industrial is not smoky industrial. It is not research, but it's clean

industry. It has worked extremely well and it has actually worked to the advantage of the housing.

MR. FEINBERG: *I don't mean to infringe on the others' time. May I just pursue this, Mr. Chairman, just for a couple of more questions?*

MR. DOUGLAS: Yes.

MR. FEINBERG: *In speaking of excessive land or wasted land within urban areas, we talked about the vest-pocket parks and the locked-in use of alleys and streets, as the Senator has pointed out. As a matter of fact, isn't urban renewal designed to make use of wasted land within areas? Isn't that one of its purposes?*

MR. MOSS: I think that's one of the results of it. Now, whether it's a basic purpose, I am not that well versed in it.

MR. FEINBERG: *Well, is it not one of the basic principles?*

MR. MOSS: What has happened is that they have created superblocks from smaller blocks; and of course, this is one of the advantages of eminent domain that you are able to create this. I was very much involved with Charles Center in Baltimore, and we have eliminated a number of streets there and made a much better land-use pattern.

Zoning, Taxing for Potential Utilization

MR. FEINBERG: *There is one other point I would like to pursue — it intrigues me — and that's your discussion of the assessment of properties out in the rural areas which directly benefit by virtue of the fact that utilities have been extended out beyond. For instance, we have a housing development in a certain rural area, and then the utility lines are extended down through the highways which abut the other properties such as farms. They are still being used as farms. The owner of that is still a farmer, or he has leased it to a farmer. It is assessed as farm land, but, of course, under our law — at least I am speaking of New Jersey — where the improvement is put in — the highway — they can by ordinance make the assessment and charge them their proportionate share for the utilities, depending upon the number of lineal feet abutting their property. But in the taxing of the farm area itself it still is permitted to retain its identity as a farm; and, therefore, because of its low productivity and the minimum amount of income that the farmer receives from the use of that land, his assessment is naturally lower.*

Now, do you think that is inequitable?

MR. MOSS: Oh boy!

MR. CLAWSON: There are many ramifications to this. I certainly think that there has been a great deal of inequitable tax assessment that has been at least partially responsible for much of the idle land that we are talking about in suburban areas and out beyond the suburbs.

Mr. Moss touched on one of the reasons land is held idle, in his statement, namely, that the people involved have quite outrageous ideas of its probable value, and yet if the holding costs are low enough

and you sit back and wait long enough, you probably will get this value.

We have been making some studies that indicate that this is far from a competitive market, Senator, that this is a market in which the supplier of land can sit and hold. And because he knows that he probably would never have to take less for it than he can get today, and probably some day much, much more. The developer and builder on the other hand have got to buy and to pay.

In a period of rising prices, if there were no other factor involved than just the normal lags in assessment and reassessment and the normal lag on the part of many people in understanding what is going on in land prices, I think assessments would get far out of line. It is widely said, and I think rightly, that in many cases there is, if not collusion, at least a general understanding between owners of these lands and assessors.

Now, when you get into the problem of the genuine farmer who really wants to continue farming and is beginning to face rising taxes, this does frequently put him in a very difficult situation.

I would like to say, first of all, I think in many instances public services have been extended too far and too fast. I am not speaking now about highways, but more about the sewer lines and the other services. If there were a better articulation of development and public service and taxing, development could proceed much more solidly — I wouldn't say completely solidly — but with much less idle land. It seems to me it would be very desirable to do this. I think you are going to have to put pressure upon this holdout in some fashion. That's why I mention reassessment based upon the zoning of the potential use.

This would get into all sorts of problems. If you had excessive zoning for commercial purposes as we generally do, or even excessive zoning for residential purposes as we do in many places, this would certainly put a lot of pressure on the man to sell, but I do not think you are going to get any solution from any of these problems unless you are prepared to put some pressure upon the holdout.

Maybe "pressure" is the wrong word. If you were really paying taxes at its commercial price, then this is all the pressure I would be willing to put. If you had public acquisition of the land for development as Mr. Simon mentioned and I mentioned, this would more clearly establish a market and more clearly establish an assessment value. And for your farmer friend who didn't want to continue farming and who found these tax burdens oppressive, it would provide him a definite market for his land.

MR. FEINBERG: *Well, I don't mean to debate this with you, Mr. Clawson, except that I must, of necessity be the devil's advocate, I am afraid. Speaking of the devil, I don't think you have literally identified the holdout as the devil, but for the purpose of convenience, let me refer to it that way.*

Let's take the farmer out here who is farming his land and let's take it a little closer to the urban area where there have been residen-

tial or commercial developments, as the case may be, then the lines are extended on beyond and about the farmer's land. It's just like the fairy godmother waving her magic wand and certainly making this farmer's land of a greater potential value than he ever anticipated it would. Now, he didn't do it. He didn't ask for it. But he wants to continue to farm.

What I am saying is, is it fair, is it equitable — would it be legal, literally, within our constitutional framework — to impose upon him a greater assessment, having placed him involuntarily in a position where his ground is of greater potential value, until we reach that point, that juncture when that land is to be used for the purpose for which you are seeking such a high assessment?

MR. CLAWSON: Well, certainly the value rises in the market. It is often an imperfect market. You may not be quite sure what the values are, but the values rise in the market long before the actual transfer of the land takes place. Thus coming events cast their shadows a long ways before. If you had an assessment based upon full market value or some multiple of it, or fraction of it, depending upon what the state law was, then he certainly would be paying taxes on it long before the actual conversion took place.

Now, the other side of it is, if I understood the thrust of Senator Douglas' questions, he does get a substantial windfall in many instances in terms of increased land prices. How far should the public, which has created these values, capture some of those increases?

MR. FEINBERG: Well, let me just answer it and then I will desist, Mr. Chairman. You just triggered something that recalled something to my mind with "he is going to get a windfall." For many years, he has paid taxes — not only the farmer, but the man with vacant land — and he received nothing in return. Quoting the Chief Justice of the Supreme Court of the State of New Jersey where this particular case was involved, he made that comment; then he said. "Is he not now entitled to reap the reward of his having laboriously and painfully paid a great amount of taxes over a period of years? Is he not entitled now to the going price that the market calls for, since the person who is going to purchase it is also going to realize rather a very fine and good profit?"

I feel that perhaps I understand your point, Mr. Clawson. Don't misunderstand me. But I wonder if we are not sort of walking on eggs — to use a sort of comparison — when we talk about getting into the tax structure. And aren't we going to actually infringe upon certain constitutional protective rights that landowners have if we seek to make a greater assessment than what might normally be called for?

MR. CLAWSON: What I want to do is to enforce what I understand to be the constitutional provisions and the legal provisions. I think, by and large, they have not been. I'm not talking about differential taxes. I'm talking about taxes on this idle land in the same proportion to its market value as the taxes on developed properties are in proportion to their market value. If you go that far with me, I won't ask you to go any further.

The relationship of this land taxation matter to the public acquisition of land, which Mr. Simon mentioned, is extremely important.

MR. SIMON: If I may interrupt for one second — if public acquisition took place at market value before a sewer line were run, that would make the most sense. Once the sewer line was completed, the land it served could be sold for private development at a price sufficient to recover the cost of installing the sewer. Having it run past the farm unused is bad economics for the community. Having the community enhance the value of the farmer's land because it put in a sewer line doesn't make any sense either.

MR. FEINBERG: *You are talking about a land bank where municipalities engage in the purchase of land. You are not advocating, are you, Mr. Clawson, with due apologies, the right of eminent domain to be given to private developers?*

MRS. SMITH: Mr. Feinberg, I think we are going to have to wait on that question.

MR. FEINBERG: *I am sorry.*

MRS. SMITH: Mr. Baker, please.

Suburban Development across Boundaries

MR. BAKER: *Mr. Clawson, you have stated that lands available in and around the cities and suburbs, you have considered — and probably justly so — to be part of the city, even though they are not part of the physical complement of the city. They certainly are a part of it. But they very often lie in other jurisdictions — either the county area or a borough or township or town — which is not necessarily in agreement with the planners of the city or desirous of working with them on their ideas for land use. Oftentimes, they are in conflict, the planners outside and inside the city. What you say might be true, that there are many lands available that could and should be developed. How would you suggest that this be accomplished in view of the conflicting jurisdictions?*

MR. CLAWSON: Well, you certainly have put your finger on a very important aspect of the whole thing. That's why, earlier, I distinguished between the city as a grouping of people as against a legal unit, because the city as a legal unit frequently would lack this authority. I think it poses some very difficult problems. We certainly have had our difficulties in trying to get any kind of metropolitan-wide government everywhere except perhaps Miami.

MR. MOSS: No problems.

MR. CLAWSON: And perhaps Los Angeles and Los Angeles County. There are certainly people who think counties could step in as units of government and accomplish a good many things. I am frankly very dubious about this. I mention the possibility of suburban development districts to do just the sort of thing Mr. Simon mentioned — buy land in advance or option it in advance, and then extend developments and sell it out. I think there is no single simple answer to this problem.

MR. BAKER: *How do you suggest this be funded?*

MR. CLAWSON: Well, first of all, I should think in the long run it could be very much self-funded, but you would have to have funds to get it started, I suppose from the Federal Government. Let's look at some of the things the Federal Government is funding. We are still building irrigation works on a zero rate of interest on a 50-year repayment plan to the tune of \$1 billion a year. We are still developing flood control and navigation improvement to roughly the same tune on extraordinarily generous terms. We are putting very substantial chunks of Federal money — far larger than that — into agricultural programs that some of us think have long since outlived their usefulness.

Now, if we were to put \$1 billion a year in Federal funds — or some such magnitude — into either interest-free loans or low-interest loans, partial grants, something of the sort, you open up all kinds of possibilities.

If you aren't careful you can only pour fuel on the flame of rising land prices. It would have to be done with extreme care or else you wind up worsening the situation rather than improving it.

MR. BAKER: *I am much interested in your comments on this urban and suburban financial district, and I am familiar with the regional form of planning which you mentioned in Los Angeles County. Now, in structuring such an organization in the area where the central core city and surrounding boroughs and communities and counties are not in agreement, or are in conflict, how would you suggest such an organization be established — by state legislative act, or through mandate of the Federal Government as a condition of funding? Or how would you suggest this be accomplished?*

MR. CLAWSON: Certainly you would have to operate under state law.

MR. BAKER: *So we have a bottleneck right here. Because mostly state laws that we have experienced have not been entirely in sympathy with the kind of program that both the Federal Government and the local government are operating.*

MR. CLAWSON: That's right.

MR. BAKER: *So that we seem to have a bottleneck. Certainly, as a member of this Commission, I understand that this is probably one of the greatest areas of difficulty in accomplishing these goals. Now, do I interpret you to suggest that we direct our attentions through the Federal agencies down to the state government?*

MR. CLAWSON: Well, in this piece that I wrote once before, I wrestled with this problem. I am not altogether sure that I answered it. But I suggested that there were five or six main interest groups: present landowners; local units of government, counties and, other units of government; private developers; and something I would call just the general public. I suggested that without requiring the consent of all of them, if you had some part of it — and what part would have to be determined — they could be permitted to form a public corporation and be clothed with some legal powers, and go forward without the unanimous consent of all the interest groups involved. You get

into some very difficult problems here, and certainly it is difficult to do something to which substantial political interests are opposed.

MR. BAKER: *This, in fact, would give them zoning power.*

MR. CLAWSON: *More than zoning power. Development power.*

MR. BAKER: *In overlapping jurisdictions, at least in my experience in my short tenure in public service, this has never worked. No more questions, Mr. Chairman. Thank you.*

MR. O'NEILL: *I think most of what has been said here this morning has been very valuable, but I think that we all are inclined to make some assumptions, myself included, that are not necessarily true. For instance, Professor Clawson, you said there was widespread dissatisfaction with suburbs. And Mr. Simon, you said that public housing didn't work. Now, I would suggest that the people, most of the people, who live in suburbs just love them. New York City has a waiting list of 100,000 families for those ugly public housing blocks. Once they get in, they are glad to be there. The public housing program maybe hasn't worked because there hasn't been enough of it.*

Now, the business about the land sprawl, I think we make an assumption there too. For instance, in Los Angeles, a metropolitan area, people have bought millions of dollars worth of sprawl in the last two decades; they obviously gobbled it up. Furthermore, our bodies of zoning laws in this country definitely encourage the sprawl, and most Americans embrace their zoning commissioners. So, I think we can't make the assumption that suburbs are disliked by the American body politic nor is public housing disliked by the people who live in them.

I just want to make that clear that I think we all make these assumptions, and I don't exclude myself from the numbers that do.

MR. SIMON: *Equal time.*

MR. O'NEILL: *Okay, take it right now. Go ahead.*

MR. SIMON: *I was misquoted. I didn't say that people didn't like public housing; it is middle-class housing being offered at low prices; there will always be a waiting line for a bargain. What I did say was (and I don't say it on my own initiative, but based on studies of quite a few sociologists) the quality of family life in the public housing projects as measured by objective statistics such as the incidence of crime or the number of school drop-outs or income levels, et cetera — you name it — hasn't been markedly improved by public housing. Public housing, per se, is not a substitute for education, for job opportunities, for recreational facilities, for health services — for all the things that are more important.*

That's what I said.

Housing as an Aspiration

MR. O'NEILL: *While we are on that point, you indicated, I believe, that the big problems are jobs and education, and then you went into the use of leisure time, recreation, and everything else. But you left housing out of the top end of the line of priority. Well, this Com-*

mission doesn't see it that way. We see education, jobs, and housing as the three big ones.

MR. SIMON: Okay.

MR. O'NEILL: *I mean, what do you do about the people who live in shacks that have rats and outdoor toilets and all that? Do you think their problems can be solved by a nice recreation program?*

MR. SIMON: Let me say this. Before we can be sure of anything, we have to look at the housing situation all over the world. There are many countries where average housing (for average families who are on the average well adjusted and contented) is comparable to our worst housing.

MR. O'NEILL: *I am well aware of that, but you are making a great mistake in trying to draw any comparison there. We don't have that problem. We have a problem of aspirations — that is what is behind riots. They see how the larger society lives. And when Mr. Moss makes the point about a kind of basic housing, people in this country want housing with inside plumbing and central heating and appliances.*

MR. SIMON: If we leave rats out of the discussion for the moment, as obviously requiring elimination, and if we confine ourselves to discussing shelter, we are dealing with a question of emphasis. I'm not suggesting that good housing isn't pleasant; but I am suggesting that if there is a limited amount of money as there is today for programs and for building, that the first priority is not housing but facilities and programs.

MR. O'NEILL: *Programs?*

MR. SIMON: Yes, that's my point.

MR. O'NEILL: *Well, if we do have an urban crisis today, in fact, it is because of aspirations that have not been reached or seem attainable.*

MR. SIMON: I don't think housing is the best indication of these aspirations.

MR. O'NEILL: *No, buildings aren't. I agree that education and jobs are as important.*

MR. SIMON: What we do currently with our limited funds is to house a limited number of people. A comparable amount of public money could provide programs for a much greater number.

MR. O'NEILL: *And you really think that is more important than providing housing, education, and jobs for this hard-core slum dweller?*

MR. SIMON: Now, wait a minute. Not housing and education and jobs. I am the one who is talking education and jobs. No, I think that housing is less important than education, less important than jobs, less important than a place for, and a way of, spending leisure time. I think if this Commission were to enunciate the priority needs for facilities and programs, progress in the United States would be greatly accelerated.

MR. O'NEILL: *It's too bad you hadn't traveled with us this year. The people in slums don't feel quite that way.*

MR. SIMON: I don't buy that, Mr. O'Neill. I don't think that you asked that question and got that answer. Which would you rather have, a good job or a good house?

MR. O'NEILL: *No, I didn't ask that.*

MR. SIMON: This is what I am saying, I'm saying the emphasis is on jobs.

MR. O'NEILL: *Yes. Right.*

MR. SIMON: Emphasis is on education.

MR. O'NEILL: *Right. My point is, housing is more important than recreation and programs to these people.*

MR. SIMON: Okay.

MR. O'NEILL: *Sure, they also need jobs and education. Now, have I still got any time left?*

MRS. SMITH: Yes.

MR. O'NEILL: *What I would like to ask is this: What if the present programs for housing do not cut the nut? And, as Mr. Moss again indicated, the problem of cost of housing construction is a matter of aspiration, you know. We put up cardboard shacks with tin roofs — that isn't going to do it; so if we can't cut the cost of construction, then we can only subsidize land, taxes, utility, and rent to provide the housing. Now, which of these would you put first? When I say subsidize, I mean, for land, the total write-down; when I say taxes, I mean complete abatement; when I say utilities, I mean provided by the city at the cost of city operation; and by rents, what I mean is either rent certificates or supplements. Would you put any priority on those?*

MR. MOSS: No, I am selfish enough to want them all. In other words, it all comes down to how much equity money you have to put up, and what it is going to cost you. Where you get your subsidy or how you get it really doesn't make that much difference. A rent supplement is very convenient because it can cover all of them. In other words, it can be a single payment, and I happen to be very fond of rent supplements.

MR. BLACK: *I believe that the time for lawyers has been used up.*

MR. O'NEILL: *I am sorry, Mr. Black, I apologize.*

MR. BLACK: *I can't even run for office here.*

Government in the Land Business

MR. WOODBURY: *Let me be a devil's disciple, or a devil's advocate, for just a minute on this question of public acquisition and subdivision of land. This question is addressed, I guess, to all three of you gentlemen — certainly to Mr. Clawson, and to Mr. Simon, and I would welcome Mr. Moss' view, too.*

There were several references to the inadequacy of zoning, particularly its changeability under pressure; and then a few minutes later we were told that local public agencies ought to go into the acquisition and subdivision of land. How about the pressures that this would incur? Is there any reason to think that they would be less than the

pressures brought against the zoning ordinances? And if we can't make zoning stick in a reasonably intelligent fashion, what magic are we going to have to make the public acquisition and subdivision disposal of land an effective program or policy?

MR. SIMON: I would just like to talk to that from the standpoint of urban renewal. Urban renewal, throughout the country, sometimes — like in Detroit, and they didn't want it this way — but they have gone into the land bank business. They acquired land and then they tried to set up a disposal program for it. They set the highest and best use for that land, and that is subject to zoning. I don't think it has been subjected to great pressures for change. If you say that the urban renewal format is then extended in the land bank principle — which is really what we are talking about — I think it can be controlled and I think you can have a chance to withstand the pressures, because I think if the parcels are big enough, they will be subjected to more scrutiny.

The visibility of a land plan for a publicly owned tract is far greater than that of a typical application for spot rezoning. Master plans for communities are destroyed by the cumulative effect of numbers of little and separate pressures.

MR. CLAWSON: I am glad you asked that question, Coleman. One possible difference between Mr. Simon and myself — I am not sure that it is a difference, but I would like to get his reaction: I do not contemplate the acquisition and subdivision of land by local government as the only way, or even perhaps the major way, but simply as one way. I think it could be a very useful legal tool, a useful kind of program. But I tried to make it clear that the various things I suggested could be done singly, or in combination. I would certainly give the private developer, the land assembler, some authority to block up land, and I mentioned specifically, eminent domain. I would certainly try to have a much better coordination of planning, zoning, extension of local services, and a taxation of the land — all with the land acquisition program.

I don't think you can put your trust in any one of them, and I certainly agree with you that in a situation where one has worked badly, it's a little idealistic or unrealistic to think that something else will simply solve your problem. I think Mr. Moss' point is a good one — that if you had some of the things done on a larger scale it could be effective and perhaps remove it from some of the petty politics and petty pressures. When I, in my statement, talked about a diversity and a dispersion of decision making, I certainly don't want to go to the other extreme and talk about concentrating all the decision making in one hand. I think much of the strength of our whole American system is the opportunity for different groups to operate and to make decisions, and to put their money and their interests and their reputations, and so on, on the line; and to invent and innovate, and to fail occasionally.

I think we have to retain a considerable measure of this, but this bag of tools ought to be tied together. Acquisition of land by a local

unit of government could be a very important tool. Particularly, it could meet the very real problem, frequently, of an oppressed landowner who really doesn't want to sell, or who can't find a good buyer for his property. It would help to meet this problem of what is the market, and what is the proper assessment.

MR. SIMON: I don't think we have any fundamental disagreement at all.

MR. WOODBURY: *I think Mr. Moss' argument is the one I would rely on most heavily: that government, when it does significant things, is probably more effective than when it deals with minor matters (whether these are interpreted rightly or wrongly).*

On the other hand, not pressing this argument too far, you refer to the urban renewal program, for an example, and public land banking is a very similar type of operation, fundamentally. I think that the greatest criticism that can be legitimately used against urban renewal at the present time is that, in too many of the cities around the country, pressures for tax bases have distorted that program. That is, they have led to too heavy an emphasis on commercial or luxury housing. Now there is pressure for low-income housing in reuse of the cleared land. And this I would cite as an example again of the kinds of pressure that would be faced if the local governments — under any type of machinery — were going to get into the business of changing land from rural or agricultural to urban use.

On this same point — I can't cite the locality, but somewhere in New England — I understand they have attempted to face this question of uneconomic, or as some of you say, wasteful development via zoning. The way it works is this: the area surrounding this medium-sized city can expand, let us say, in a number of directions. The area into which the local plan indicates the first redevelopment should occur is zoned as it is intended to be. This is a more or less permanent zone. The other areas which they want to hold back from development they rezone for very large lots — four or five acres per dwelling unit. They say that this is temporary zoning and that, in all probability, it will be rezoned after five or ten years — or whenever they want to go into that area. The "they" is the city, the planning agency.

Now, you see, this has the effect of excluding development from the second sector because you have to have a very substantial income to go in at all. And if you have that kind of income, you are not very apt to go into a four- or five-acre development, knowing that the zoning may be changed after you have invested. So the net of this is that it funnels the development into one of the sectors for a period of five or ten years, whatever it may be, until they get a certain amount of development in there. Then, of course, this has the effect of kind of pacing the public investment in streets and sewers, and so on.

I have taken much time explaining this one deal — but my question, first, are any of you familiar with this or a similar use of police power measures for the control of development? And second, would you have any comment on it?

MR. MOSS: I can't identify it. It's an interesting idea. But if I was the developer that was developing on the edge of this land that is being overzoned, I think I would be frightened, because I don't have that much confidence in zoning boards. Zoning boards don't have a very good reputation in an awful lot of communities, and the political influence is frightening. If I am going to be the developer in your development area next to this zone, I am going to be pretty nervous.

MR. WOODBURY: *I agree with that. I will leave the defense of zoning boards to Mr. DeGrove, who happens to wear that hat.*

MR. CLAWSON: If you did anything like this, though, it seems to me — unless you also did something else — you would certainly be giving the owners of vacant land within that development sector a considerable boost in price, because you are saying for the next five years the main thrust of development is going to be here. You see, we talked about the cost of holding land idle — call it speculation, what you will. There are three costs: one of them, of course, is current real estate taxes; one is interest on the investment; and third is the risk element. When is the day of development coming and what will the development be?

Now what you are doing by a planned development is reducing some of this risk element considerably. If I owned land in your development sector, I would certainly raise my reservation price substantially as a result of this. But if you tied it in, again, with a prompt and realistic reassessment based upon its market price, in view of these factors, then this would both raise more taxes and bring some pressure on the owner to sell. But if you didn't, you would certainly be contributing to both the windfall and to the delay in development.

MR. WOODBURY: *I don't want to give the impression that the sectors to be opened for early development would be so small that there would be, in effect, a serious restriction on the supply of land that could be built on, in proportion to the proper expansion of the community during that period. These would be substantial areas, so that you wouldn't, in effect, be giving a quasi-monopoly to the owners in those areas.*

MR. JOHNSON: *Mr. Simon, I would like to ask a question which I am sure you are asked every week. I think it's an obvious question, and I would like it to go into the records of our hearing.*

I would ask it this way. What does the experience at Reston indicate to you with respect to the future of the building of large-scale, totally planned, forward-looking suburban developments, incorporating clusters, mixed land uses, mixed economic and ethnic populations, as well as new architectural prototypes in an innovative design? In other words, in a situation where we are trying to do all of these things at one time, in the creation of what could be considered an ideal suburban community, do you feel that it is possible to do this in large measure, large-scale, around the country, with any degree of success?

MR. SIMON: That was a very polite way of asking me why did Gulf take over Reston. I am asked it quite often, and my answer is this: When I started, I didn't know — and I don't think anybody knew then

for the United States — how much working capital was needed to create a major new town. I don't believe anybody knows the answer to that today, although a few of us know a lot more than we did five or six years ago. But in any event, I am convinced that the problems that faced Reston could mostly be attributed to a shortage in the supply of money. It wasn't a question of rate.

It certainly is not a question of economic viability. We have a sophisticated economic model which indicates Reston's profitability, which is substantial.

However, our time schedule was upset by the tight money situation; and furthermore, at no time did we have sufficient working capital to carry us through to the end. Sufficient working capital would have insured Reston's success without significant change in plan or program.

MR. JOHNSON: *Evidently, according to what I read in various places, Gulf Oil evidently doesn't agree that some of these things I just mentioned are very salable: cluster developments, mixed land uses, mixed economic populations, or even innovative architectural design. Is that right or wrong?*

MR. SIMON: I don't think it would be proper for me to speak for Gulf.

Cost-Cutting in Public Housing Construction

MR. JOHNSON: *Thank you. I have one other question for Mr. Moss. You spoke very offhandedly about reducing building costs by just taking out the frills, to the tune of 10 percent on some of your developments. You implied that you could go further with this, where the situation required it. Would you elaborate on your ideas of cutting costs in building?*

MR. MOSS: I was sure that either you or Mrs. Smith was going to ask that question. Public housing — and I was talking in terms of public housing — has unit costs of \$13,000 to \$14,000, against my lower figures. I think one of the reasons that your present public housing costs are high is because your overall design is better. I am thinking of two recent projects in Miami. They are highrise and the architectural treatment, I think, is excellent, and has made a better looking project. I don't think it has necessarily made a more livable project. The recreation area — this is housing for the elderly — is air-conditioned. I'm not sure in my own mind whether the people that have never lived in air-conditioned comfort necessarily should have an air-conditioned recreation area, and this is the story of educating the people up to the housing.

In the individual units, if there has been a plaster wall, is there a possibility of going to block walls? If there has been any special floor covering, is it appropriate to think in terms of concrete floors?

These are questions as to what is the degree of refinement you want to put into your low-cost housing. I think the statement you made

about this is really medium-income housing, subsidized and made available for people at the lower-income levels. I just think there are ways that it would be possible to reduce overall costs, and I don't mean by cutting corners. That's what often is said when you are going to skim the job. I don't mean it that way. I mean by reducing specifications, the end result would probably be some structures that wouldn't be as pleasing from an architectural standpoint. I think it would be much more severe, and I think that some of the niceties of design would be lost. I know, as a developer, the cheapest building that we can build is a rectangular building, or a square building. As soon as you get into extensions and changes in direction, and so on, and change your perimeter, you know as an architect, your costs begin to go up. But you're making more pleasing looking buildings. So I think some of this is, are we going to be willing to sacrifice some of the better architecture that is developing in public housing, if it should save costs?

I'm afraid I am now asking you a question. I don't know the answer, but this is the way I think some of it can be done.

MR. SIMON: Could I tag a question on to your question?

MR. JOHNSON: Yes.

MR. SIMON: For your reaction.

If you had a limited amount of money, would you think it would be better, socially, to handle 1,000 families with frills, to use Mr. Moss' expression, or 1,150 families without frills?

MR. JOHNSON: *I would say, based on what I have seen around the country, it would be better to handle 1,000 families with frills, because in many cities the housing authorities are having very serious problems trying to upgrade what they already have. Structures that were built in the Thirties and Forties, to much lower standards, are now considered unsatisfactory, not only by the people living in them, but by the agencies that are trying to rent them. Some of the costs that were cut initially are proving to have long-term maintenance costs, and, in terms of things like closet doors, they are trying to find money somewhere to go in and do these things over.*

If I had a choice, I would certainly want your commitment for the money, unless you can cut the product without cutting the amenities, or cutting the maintenance costs. This is fine, but I haven't found many ways of doing this.

MR. MOSS: Do you think you would have to have a closet door?

MR. JOHNSON: *Well, I would say that the tenants you talk to who don't have them would like to have them.*

MR. MOSS: When our survey of the City of Miami asked the question of the 6,000 families we interviewed (and that was pure pie in the sky), "Where do you want to live?" 60 percent of the people we interviewed wanted to live in single-family houses in the country, and only 40 percent of the people we talked to actually did not. I think there is a natural tendency on the part of people to want a lot of things. I have been a housing authority commissioner, and I know some of the housing that we had a number of years ago leaves a great

deal to be desired in design, and certainly some of the things that were done resulted in costly maintenance. But I still think that you can leave out some things. Don't call them frills, but the closet door may be an example of it. I think you can give darn good shelter, at less money, and I would vote for the 1,150, rather than for the 1,000.

MR. JOHNSON: *Well, I can just cite a situation that happened to us in New York. We had hearings all morning, for five hours, and a lady sat very patiently in the audience, just to be able to take the witness stand and say she hoped that we would press for public housing projects that had closet doors. That must mean something. I think, too, that there is a question of—as Mr. O'Neill says—the attitude or the aspiration. Theoretically, public housing tries to do something more than just provide the bricks and sticks. At least we are discovering that it hasn't done enough, other than provide the bricks and sticks. It has to do more for people. I think my time is up.*

MRS. SMITH: Not in the middle of a sentence.

MR. JOHNSON: *I think that's all I have to say. I don't think we can resolve this.*

MRS. SMITH: Mr. Ehrenkrantz?

MR. EHRENKRANTZ: *Thank you. Mr. Moss, in your statement there are some rather interesting remarks, about which I would like to get further amplification. You mentioned, or you found, that approximately 42,000 housing units would be lost from the inventory for one reason or another. Over what period of time was this in Miami?*

MR. MOSS: We had to do our assignment on five-year spans. We had to figure out what the need was going to be for housing, and what would be lost during that period of time. The element that extends the time-table is the road program. That was the one thing more than anything else that makes it a longer period of time. Everything else was current.

MR. EHRENKRANTZ: *If this type of need can be expressed in five-year periods, there is probably no reason to assume it would not be a recurring need in successive five-year periods as well, then?*

MR. MOSS: I hope not to the same degree as in cities that are being badly chewed up with a road program. This takes a lot of housing out at this particular time, but certainly a portion of it is going to continue.

Drain-away of Low-Cost Housing

MR. EHRENKRANTZ: *To what extent was the housing being torn out at this time the low-cost housing?*

MR. MOSS: All that is lost to urban renewal is low-cost housing, and almost all of that is in Negro areas. The road program spared nobody, and it goes, as Mr. Black knows, all through the city, although basically an awful lot of it comes through low-income areas.

MR. EHRENKRANTZ: *There is a discrepancy when you say 42,000 dwelling units—perhaps over a five-year or perhaps over a longer*

period of time — have to be removed, and there is vacant land for only 40,000, or through other programs you provide 40,000. Do you have any feel for the percentage of the low-income housing that would be torn down, compared to that which would be replaced?

MR. MOSS: I wish I knew the answer to this. I don't. The builders traditionally — financing is a part of this — build to the higher-income market; and so the success of the urban renewal program and the housing authority program is the only way we are going to be able to tackle some of this. We have no urban renewal yet in Miami, and there is a legal problem; so we are way, way behind. Our public housing program has done extremely well, but one of the problems is that we just don't have the facilities to replace the housing at the right level.

MR. EHRENKRANTZ: *This is one of the things that is of particular concern to me. I think we are really squeezing the lower end for housing units very considerably. And these programs tend to move on inexorably; so that when you talk of having 40,000 housing units, just in terms of total possibility, this was based, if I recall, on the fact that there is vacant land at the present time for perhaps 20,000. If this resource is used within the next five, seven, perhaps ten years, what happens in the next cycle?*

MR. MOSS: Well, one of the problems, of course, is that we were working within the city limits, and an awful lot of people are going to move outside of the city limits. Thus we ignored all of the rest of Dade County; so that the 40,000 against 42,000 isn't completely fair because a lot of people aren't going to live in the city; they are going to move outside. So this is not as threatening a statistic as it may look like — as if we are running out of total living space for those people — because they can move outside the city limits.

MR. EHRENKRANTZ: *Again, my concern is the lower end of the scale, where there is a transportation problem of getting to and from jobs. The lower-income scale would probably mean that those people who would have to be re-housed are those closer to the center of the city, is that not normally the case?*

MR. MOSS: Where there is urban renewal?

MR. EHRENKRANTZ: *Yes.*

MR. MOSS: They are being squeezed. I completely agree with you. I think we do not have the resources to house these people at this time.

Land-Use Policies of Today and Future Options

MR. EHRENKRANTZ: *If I can perhaps take this point we are talking about to the larger scale in terms of land use — and I would like to see if this can be confirmed in some way — what we are doing right now, in many of our planning approaches is reducing potential options which will be available in the future. Policies being made today spread out over larger and larger land areas, which by the very nature*

of the programs, tend to reduce the options that would be open for future generations. Patterns we may be setting in terms of densities of people that might be postured within particular areas for a given service, to make that service viable, may, in fact, prohibit future services from being provided. Take other than automotive transportation systems: unless you have certain densities of people within certain areas, it is not economic to put in a rapid transit system; and the option to do so may be of a completely different order of magnitude, in terms of being desirable 20 years from now, in terms of new technological costs at that point in time than it is today. Will not current policies make it impossible to bring some of these options into play?

MR. MOSS: What are your options? I'm not sure I understand. You are talking about them in plural. What are the options that are being foreclosed on today?

MR. EHRENKRANTZ: *If we were to take Los Angeles as an example of a pattern of suburban development of given densities, it is difficult to conceive at this time when rapid transit could be located within Los Angeles. We need nodes of population of higher density, at different points, in order to make this feasible. I think if you fill in the vacant land within the city, the problems of relocation 10 years from now — for the next generation of housing that needs to be replaced — are going to bear even higher costs, if you don't adopt the program of conservation as you go along, to leave room open for options in the future.*

MR. MOSS: Of course, we have been doing that throughout the history of cities — and this isn't a defense for foreclosing options — but we have been doing this forever. If you go back to the days when our cities were built around the trolley car, and realize what the automobile has done to that, I think it is possible there are going to be systems of transportation ahead that may be different from anything else we know at the present moment. We talk about the possibility of overhead transportation of some kind, and so on. We in Miami have a problem. We can't put anything underground because of water, so we can't have subways. But San Francisco has had to tackle this, and Montreal has just completed theirs, and other American cities are on the way. I think we make our lives very difficult by things that we do, and it is very expensive to cure them, but I still think that there are going to be methods coming up to do it. Just take mass transportation as the example, since you mentioned it, where Los Angeles, for one, and Miami, for two, are going to have to figure out ways to resolve this, and I think that they will. But I'm looking to technology to do it, and I think there's a lot of people working on this transportation problem at this moment, and I don't think we have heard the last word on it. There are things still coming up. You are working on it right here in Washington, and I think that it could be against present technology. Right now we are running up against a blank wall, but I think there are still things that are going to come in the future that

we don't know about, that are going to open the door to the solution of some of these problems.

MR. EHRENKRANTZ: *Thank you.*

Zoning Over Small or Large Areas?

MR. DEGROVE: *I won't defend zoning commissions or boards because I don't think they should exist. I think that the fact that they do exist explains some of the problems that we have. I don't believe that zoning is anything more than one tool of land-use control, and zoning decisions ought to be made by a planning board, supported by a competent professional staff that really has an up-to-date land-use plan to guide it. That's Utopia for most zoning boards, commissions, or even planning boards in this country that sit there Tuesday night or Thursday night. In essence, every decision they make is a spot-zone decision, because they don't really have an effective land-use plan to guide them, and if they do, they don't have the political climate to support it over time. Now, that leads me to my question. Mr. Clawson.*

You said you felt land-use planning had been almost a fraud, and I think that's right. I don't know if a thing that doesn't even exist can be a fraud or not. But it has been conspicuous by its absence, it seems to me, in terms of really having a mechanism for making effective land-use decisions. I certainly felt this in sitting on planning and zoning boards. I have avoided sitting on something that is just a zoning commission so far. It seems to me there is a question of a political climate that will support land-use controls, and I want to ask if you think that relates to the size of the unit that makes land-use decisions. This might be a question of scale that has crept into the discussion a couple of times. I wonder if it might be a much healthier and better situation if we could move land-use control up to a broader geographical area in the local government hierarchy? If you take it out of the hands of small municipalities completely—maybe, thinking of southeast Florida, take it out of the hands of counties eventually, and put it in the hands of the region—This is pie in the sky in a way, but on the other hand, I doubt that we are going to get very much effective land-use control—and I am asking whether you think this right or wrong—unless we can escalate the area involved in controlling these decisions.

MR. CLAWSON: My use of the word "fraud" was probably extreme. I didn't mean it in the sense of cheating anybody, but it is the kind of word that caught a little attention—your's and others'. I meant pretty much the same thing that you are meaning; namely, that, first, there has been very little land-use planning, that much of what there has been certainly has been open to criticism for its technical aspects, and the fact that it's almost universally not been followed.

Now, the solution is not, in my view, to abandon it completely, but to reform it and to strengthen it. As part of this joint study that

we are making with our British colleagues, I spent a little time in Britain going around and visiting a number of their metropolitan planning groups. As I understand the British system — and Professor Woodbury undoubtedly understands it in much more detail than I do — under existing law each county or city is required to come up with a comprehensive land-use plan. Now there is no penalty when they don't, in the sense that nobody is put in jail for not doing it, but there are other penalties.

This plan must be approved by the Ministry of Housing and Local Government in London. You must, of course, recognize that there are no states in Britain.

So the first point is that the ministry approves the local plan. Secondly, any citizen who has an appeal from that plan, who thinks he is unfairly cut off from developing his land, appeals to the ministry. Thirdly, when the local body wants to embark upon public housing — roughly half of the housing that has been built in Britain since the war has been publicly financed — it goes to the ministry to borrow or to get subsidies. So the ministry in London is looking over the shoulder of the local planning and zoning group in those three different ways: first, approval of the plan; second, hearing the appeals; and third, the financing. Now what you have as a result is the making of the plan locally, but with a degree of review from above.

I think we should be very, very hesitant about direct application of this British experience to the United States. But we have frequently not followed the local plans that have been made. States have violated them in the extension of highway systems. And frequently the Federal agencies, including their willingness to insure mortgages or to undertake other development projects, have helped to break those plans as much as any private builder.

What I'm trying to say is, I think we might well consider the possibilities of some different way of handling land-use planning. I don't know that planning should necessarily be taken out of the hands of local groups, although frequently when a single suburb of a city does its planning and carries its planning into zoning, it solves its problems by dumping them off on to somebody else. This is what has been universally done in the suburbs.

We keep out low-income groups. We keep out groups that demand more in public services than they contribute in taxes and so on, but this obviously isn't the solution to the area as a whole. To come more specifically to your question: first, we frequently will have to have a larger unit of planning than we have had; and secondly, I think we ought to seriously think about some way of getting some kind of review of various provisions of plans. For instance, the appeal might go to a higher level or a different level of government. I think the first step is to realize how very ineffectual planning has been.

Let me say I am not attacking either land-use planning or zoning. I think we need both, but I think we need to recognize how ineffectual both have been and then see what we can do to make them more effectual.

MR. DEGROVE: *Thank you. I understood what you meant by fraud. Do I have time for one more question?*

MRS. SMITH: Yes.

Hard Facts on Attracting Private Housing Capital

MR. DEGROVE: *Mr. Moss, when we held hearings in New York, Senator Robert Kennedy presented his ideas for making it more attractive for private capital to be coming to central cities to invest on a major scale to produce housing for low-income people. This involves what seemed to me a kind of an extension of the 221(d)(3) idea — maybe lower interest rate and even longer loan period, and so forth.*

If I recall, at the end of your statement — the part that you don't have in your prepared statement — you indicated that you thought steps could be taken to encourage production of low-cost housing. Could you state what those ideas were?

MR. MOSS: I'm looking for a 75 percent conventional mortgage and I will have to pay roughly $7\frac{1}{8}$ or $7\frac{1}{4}$ percent interest with a 25-year term. I will have a 25 percent equity, and I want a 12 to a 13 percent minimum return before depreciation and, frankly, as a developer, I don't work on that low a return to equity, although to many people, they would think this is exorbitant. But this is one of the things that equity money costs — 12 to 13 percent. That's what you have to pay for it, and therefore it has to get such a return, and that's the return I want for the equity.

Real estate taxes should be limited to 15 percent of actual gross. We have a 221(d)(3) development in Miami in which the real estate taxes are over 25 percent of the gross income. That is practically murdering the project and it is unfair for the local community to do that.

There should be a replacement reserve in an escrow arrangement following FHA standards. Then you will have your normal operating and fixed charges, and this will be in excess of the rent that could be charged. In order to balance the budget, I want the rent supplement to be available to cover these things just mentioned here. So the key to it is a rent supplement program, since I can't build for a rent less than \$20 per room per month.

MR. DEGROVE: *This is even on the (d)(3) with the below-market interest rate?*

MR. MOSS: No, (d)(3) can do better than \$20. This is on my conventional basis. The 221(d)(3) arrangement does help, and I can't tell you exactly where it ends up, but it doesn't get down to \$10 per room per month. It's still in the medium-income rental level. But it doesn't really do the job for low-income housing. I have a private complaint against (d)(3) and that is, it has been tied so much to nonprofit and limited dividend builders that it is excluding a lot of people with development know-how from the program, and this again is the problem. So what I am coming up with is that if you can get the rent supplement as the key, I think you can get the private developer, the

private builder, the man with know-how into the program.

MR. DEGROVE: *Thank you. And you would propose those kinds of changes in what we now think of commonly as the (d)(3) program.*

MR. MOSS: Of course, the thing that would raise the roof is my wanting a return in equity of 12 to 13 percent.

MR. DEGROVE: *What did Senator Kennedy say his plan was? Didn't he come to just about that?*

MR. MOSS: Did he?

MR. DEGROVE: *Yes.*

MR. MOSS: Well, you see, as a developer, if you said you would guarantee me a 10 percent return, I wouldn't play. I wouldn't build.

MR. DEGROVE: *That's the question I wanted to ask you.*

MR. MOSS: I won't do it. There is risk attached to this. This isn't just fun and games. There is a risk involved, and equity capital over and above 75 percent conventional mortgage is real money. It's not just fees and all the rest of it. This is honest money that has to go into the project, but there are people who will invest. The price of equity capital this week in New York is 12 percent if it has personal endorsements, and 13 percent if it does not have any personal guarantees.

MR. DEGROVE: *There has been very little (d)(3) work done in the Miami area, is that right?*

MR. MOSS: That's right. There are two projects.

MR. DEGROVE: *And you think probably not a great deal would be done unless it could be made more attractive?*

MR. MOSS: We had a meeting on 221(d)(3) just three weeks ago in Miami trying to sell the program. The Community Relations Board, of which I'm a member, was the sponsor of the program, and we had a great many people there. One of the serious problems is where to find the land that is sewered. This just happens to be a local problem, but it's a very real one and we are having a really wild time of putting lower-income people into higher-income areas. Where the land is available and sewered, the higher-income people don't want low-income people to be their neighbors. That is not a local problem; that is an everywhere problem.

MR. DEGROVE: *Thank you very much.*

MRS. SMITH: I think we have finished our questions, and I want to thank all of you very much. I would appreciate it if Senator Douglas also would thank you for the Commission.

MR. DOUGLAS: Yes, I want to thank you all. We will study your testimony very, very carefully.

MRS. SMITH: At this time we have five-minute testimony from anyone who is present and desires to speak. We put no limit on the amount of written material that may be submitted.

I have the names of four witnesses. If they are here, they can present their testimony in this order: Mr. Rabkin. Mr. Hollander. You say Mr. Hollander is not here? All right. Mr. Branton and Mr. Frain. If there are any others, would they please give us their names.

Mr. Rabkin?

Mr. Rabkin: Zoning as Discriminatory Device

MR. SOL RABKIN: My name is Sol Rabkin. I am counsel for the Anti-Defamation League of B'nai B'rith. I'm also chairman of the Law Committee of the National Committee against Discrimination in Housing. And in anticipation of this hearing, I prepared a statement which runs to 20 pages, double-spaced, and I am not going to read it. [Following is the statement which he summarized at the hearing.]

Prepared Statement of Mr. Rabkin

First, let me thank the Commission for giving the Anti-Defamation League of B'nai B'rith this opportunity to present material in its hearing on zoning's impact on suburban housing patterns and land use.

B'nai B'rith, founded in 1843, is the oldest civic organization of American Jews The Anti-Defamation League was organized in 1913, as a section of the parent organization, in order to cope with racial and religious prejudice in the United States. The League's program seeks the elimination and counteraction of defamation and discrimination against the various racial, religious, and ethnic groups which comprise our American people, counteraction of un-American and anti-democratic activities, and the advancement of goodwill and mutual understanding among American groups

Since the League is dedicated to the defense of American democracy, it has long worked in the field of combating residential segregation based on race or creed. Thus, it submitted a number of briefs amicus to the Supreme Court and the highest courts of some states opposing the enforcement of restrictive covenants based on race or creed. It did this because it viewed the dangers to our democratic way of life arising from racial and residential segregation as most serious. The Anti-Defamation League is opposed to the application in this country of discriminatory practices in so vital an aspect of our economy as housing

In addition to joining in seeking a ruling striking down strict enforcement of racial restrictive covenants, the League has long supported programs of education aimed at insuring equality of housing opportunity to all. It has been a strong supporter of invoking the power of the state to bar racial and religious discrimination in housing. It has worked for the widest and most effective implementation of laws against discrimination in housing. It has joined in opposing such proposals as Proposition 14¹ in California.

When the national commission of the Anti-Defamation League, its governing body, met in January, 1966, it took note of the fact that certain forces in many parts of our country were opposing the opening of housing opportunity to Negroes in areas which had previously been lily white. It pointed out that to achieve this goal, proposals were being supported which would make it difficult for persons of moderate means to move into white neighborhoods. It noted that the proportion of Negroes in the lower-income group in our country is considerably higher than it is in the general population. The ADL national commission stated that one device being used to exclude Negroes from moving into white neighborhoods was the adoption of zoning regulations which increase minimum building lot sizes to bring the costs of homes in those areas beyond the means of persons of moderate income. It pointed out that examples of this method of preventing entry of Negroes into certain neighborhoods of suburban communities has been found by it in Connecticut and elsewhere.

The national commission therefore approved a recommendation that the Anti-Defamation League adopt a policy of vigilant observance of development in zoning and restrictive practices in real estate which might have a discriminatory impact,

¹ Proposition 14, on the California ballot in November 1964, was for repeal of the State's Fair Housing Act, enacted just a few years before. The repeal was approved by the voters.

and directed that the ADL initiate appropriate community counteraction where necessary.

The concern of the ADL with this problem is by no means limited to its dedication to opposing discrimination based on race and creed. That "housing is a necessary of life" is a truism that Mr. Justice Holmes acknowledged in *Block v Hirsh*, 256 U.S. 135 (1921) at 156. The state has always been concerned and deeply involved in the ownership and alienability of real property. This is reflected in the fact that the government regulates land transfers through recordation, through a specific property law, and has even undertaken within recent years through zoning ordinances to regulate local uses of real property. There can be no doubt that the existence of racial segregation in housing and patterns of exclusion based on race from specific geographical areas directly affect the government. Allocation of representation in local and national legislative bodies is related to geographical districts. Hence, the creation and perpetuation of patterns of racial segregation and exclusion, whether by means of "private" residential segregation or by means of zoning ordinances, carry with it, as a concomitant, a necessary impact on the racial composition of the population of legislative districts. Segregation in housing based on race leads to distrust by segregated racial minorities of our present democratic system. Such distrust and repudiation of commitment to that system endangers constitutional guarantees of freedom and equality of treatment under law.

Your Commission was created because of the development in recent years of a strange fruit of racial segregation in housing—riots in the racial ghettos of many of our major cities, and the essential repudiation of democracy implicit in the pronouncements and behaviors of many of the proclaimers of "black power" and their counterparts, the defenders of the segregated status quo—the "white power" advocates of race hatred.¹

The United States Commission on Civil Rights has noted that housing seems to be the one commodity in the American market that is not freely available on equal terms to everyone who can afford to pay. It has described the patterns of racial segregation which exists and has decried the "white noose" surrounding the Negro ghettos in our major cities. (Report of the U.S. Commission on Civil Rights, Part IV, Housing, 1961, pages 366 to 377.)

The higgledy-piggledy, random, mushroom growth of our American cities led, inevitably, to a recognition of the need for the establishment by the community of regulations governing land use and city growth. Zoning ordinances, a method devised to deal with this problem, were adopted originally by some German municipalities to prevent undesirable industrial and other uses from interfering with the full and intelligent use of homes in residential neighborhoods. This pattern was adopted on a widespread basis in the United States.

Early Zoning Controls

The fact is that an effort to use the technique of municipal and local ordinances to achieve racial segregation long antedated the development of the zoning device by German municipalities. One of the first efforts to achieve legal apartheid by exercise of the municipal ordinance power occurred in San Francisco in 1890. In that year the City of San Francisco sought to achieve racial zoning by adopting an ordinance barring Chinese from living in certain areas of the city. This pattern was followed later in other cities which adopted similar ordinances directed against Negroes.

These ordinances sought to maintain a fiction of equality by making it unlawful for both Negroes and Caucasians to occupy houses on any street in which the larger number of houses were occupied by members of the opposite race. They were upheld by state courts on the theory that equal protection was afforded all, since the ordinances applied to both whites and Negroes with apparent impartiality. But in 1917 the United States Supreme Court in *Buchanan v Warley*, 245 U.S. 60, rejected this fiction. In that case the Supreme Court stated the issue to be whether

¹ While this more nearly describes the background of the National Advisory Commission on Civil Disorders, the racial issues and urban strife cannot be divorced from the work of the National Commission on Urban Problems.

the occupancy and, necessarily, the purchase and sale of property of which occupancy is an incident, may be inhibited by the state or its municipality solely because of the color of the proposed occupant of the premises. It answered this question emphatically, finally saying, "We think this attempt to prevent the alienation of the property in question to a person of color was not a legitimate exercise of the police power of the state, and is in direct violation of the fundamental law enacted in the 14th Amendment of the Constitution preventing state interference with property rights except by due process of law. That being the case, the ordinance cannot stand."

Despite this forthright ruling, efforts were made to salvage racial zoning as a device to effectuate racial discrimination in two later cases — *Harmon v Tyler*, 273 U.S. 668 (1967); *City of Richmond v Deans*, 281 U.S. 704 (1934). One of these cases involved an ordinance prohibiting any person from living in a city block where the majority of the residences are occupied by those with whom such persons were forbidden to enter into marriage under state law. The court struck both these efforts down.

But as has been noted by a leading student of housing and housing discrimination, Professor Charles Abrams, in his book *Forbidden Neighbors*,¹ "While the Court's decisions have put an end to racial zoning legislation legally, they have not ended the use of the zoning weapon against minorities." Professor Abrams notes, "In Pennsylvania, a zoning ordinance was employed to harry a housing cooperative. In Los Angeles, zoning devices were used to keep out cooperatives that might take in Negroes. In Bannockburn, Maryland, zoning sought to bar construction of a cooperative which, it was feared, might sell to minorities."

Professor Abrams then notes, "Communities no longer resort to the clumsy device of racial zoning laws, thereby exposing themselves to judicial attack. The methods are more subtle, motives less discernible, and exclusions more effective. Thus, an ordinance might be written to permit no more than one building to an acre, or otherwise make any housing development impractical. Those who build for whites can get a modification *pro forma*. But the moment an unwelcome group appears, the officials stand firm on the written ordinance. In other cases, stricter zoning ordinances are enacted just when a minority is about to start building or an ordinance may compel expenditure of a large amount of money on each house or require that the house be of an excessive square footage. As long as the officials do not openly give the reason for their action, recourse to the courts is often futile."

In Birmingham, Alabama, in May, 1949, the city created a buffer zone for white and Negro homes after several houses bought by Negroes had been dynamited. The zone consisted of a 50 foot strip running north from a Negro housing project to the highway. The strip was zoned for "commercial construction only" (*New York Times*, June 1, 1949). In the same year a township in St. Joseph County, Michigan, adopted a new ordinance after Negro families had bought land on which to build houses which prevented those families from building on parcels of less than 20 acres (*New York Daily Compass*, August 4, 1949).

It should not be inferred from the foregoing that all zoning ordinances are bad. Certainly zoning as an aspect of intelligent community planning is not only desirable but has been found constitutional as an exercise of the police power, though the finding of constitutionality is limited to zoning "exercised for the promotion of the health, safety, morals or general welfare of the community." (*Euclid v Ambler Realty Co.*, 272 U.S. 265, 47 S.Ct. 114, 1926.)

Racial Restrictive Covenants

When racial segregation by means of zoning ordinances was struck down, one substitute devised by the real estate industry was the racial restrictive covenant. This device was an agreement among private real estate owners by which they bound themselves not to sell to members of groups which they wished to exclude from residence in the area. But this device, which the courts enforced because they had traditionally been enforcing restrictive covenants against uses of property harmful to a group of property owners, was also found defective as in violation of

¹ Charles Abrams, *Forbidden Neighbors* (New York: Harper 1955).

the Constitution is the cases of *Shelley v Kramer* and *Hurd v Hodge*. These decisions, handed down in 1947, said that enforcement by state or Federal courts of racial restrictive covenants violated the 14th Amendment.

Stripped of the devices of the direct racial zoning ordinance and the racial restrictive covenant, the real estate industry and real property owners sought other means to achieve the goals of maintaining any advantages they might have as a result of their property ownership and preventing changes they might find objectionable.

"Upgrading" by Zoning

One device frequently used in suburban areas is what is called euphemistically "upgrading" by zoning ordinance. This is to substantially enlarge the minimum size lot required for a house. The effect of such ordinances is to exclude from the area involved any persons of medium or lesser means. Such a zoning requirement necessarily serves to exclude from possible homeownership in the community members of groups concentrated in the lower end of the economic spectrum. Such concentrations now exist in the case of Negro Americans.

Clearly, the effect of ordinances which establish minimum lot sizes of four acres for an individual home is to bar from the area so zoned persons in the middle- and lower-income groups. Clearly, communities where no members of racial minorities such as Negroes live can succeed in continuing to exclude them by adopting ordinances of this type.

The Supreme Court of Pennsylvania has noted in a recent decision: "Zoning is a tool in the hand of governmental bodies which enables them to more effectively meet the demands of evolving and growing communities. It must not and cannot be used as officials as an instrument by which they may shirk their responsibilities. Zoning is a means by which a governmental body can plan for the future — it may not be used as a means to deny the future." (*National Land and Investment Co. v Easttown Township Board of Appeals*, 419 Pa. 506 at pages 527-528.) The same court went on to say: "Zoning provisions may not be used, however, to avoid the increased responsibilities and economic burden which time and natural growth invariably bring." In commenting on a ordinance which would have established a four-acre zoning minimum for an 85-acre plot in that community on the ground that this was needed to preserve open areas in the community, the court said: "Unfortunately, the concept of the general welfare defies meaningful capsule definition and constitutes an exceedingly difficult standard against which to test the validity of legislation. However, it must always be ascertained at the outset whether, in fact, it is the *public* welfare which is being benefited or whether, disguised as legislation for the public welfare, a zoning ordinance actually serves purely private interests." (page 530)

The Pennsylvania Supreme Court in striking down the four-acre zoning ordinance said: "Four-acre zoning represents Easttown's position that it does not desire to accommodate those who are pressing for admittance to the township unless such admittance will not create any additional burdens upon governmental functions and services. The question posed is whether the township can stand in the way of the natural forces which send our growing population into hitherto undeveloped areas in search of a comfortable place to live. We have concluded not. A zoning ordinance whose primary purpose is to prevent the entrance of newcomers in order to avoid future burdens, economic and otherwise, upon the administration of public services and facilities cannot be held valid." The court also says, "What basically appears to bother intervenors is that a small number of lovely old homes will have to start keeping company with a growing number of smaller, less expensive, more densely located houses. It is clear, however, that the general welfare is not fostered or promoted by a zoning ordinance designed to be exclusive and exclusionary."

The highest court in Virginia took a similar position when it sustained an appeal from a change of zone from smaller lots to a two-acre minimum lot requirement. It said, "The practical effect of the amendment is to prevent people in the low-income brackets from living in the western area and forcing them to live in the eastern area, thereby reserving the western area for those who could afford to build houses on two acres or more. This would serve private rather than public interests.

Such an intentional and exclusionary purpose would bear no relation to the health, safety, morals, prosperity and general welfare." (*Board of County Supervisors of Fairfax County v Casper*, 200 Va. 653, 107 S.E. 2d 39, 396, 1959.)

No mention is made in either of these cases of the wisdom and desirability of seeking to promote in local communities throughout the country a reflection of the religious, racial, and economic heterogeneity which is a characteristic of our free American society as opposed to a deadening conformity and homogeneity which lead to inbreeding and the freezing of social status and the ending of the social mobility which is such an essential and desirable attribute of our free way of life. But this purpose and goal may be read into and recognized as the basis for the foregoing decisions. Certainly, the maintenance of heterogeneity is a proper social welfare goal in our free society.

So much for generalities. Let me turn now to a discussion of a specific as a reflection of a dangerous pattern which is developing throughout our country and of a horrible example of how the zoning power, an exercise of the police power, is being used to serve private interests and to disserve the public welfare.

Discriminatory Zoning in Greenwich

The example I would like to cite is the Town of Greenwich, Connecticut, one of the many "bedroom" communities which surround New York City. Greenwich has always been, by and large, an "exclusive" suburb of New York City. The Anti-Defamation League of B'nai B'rith, over the years, has received many complaints of housing discrimination in that lovely town. It was not so long ago that a real estate broker in that community was charged with discrimination. The charge was based on the finding of a letter on the stationery of the broker addressed to all sales people instructing them that from then on "when anyone telephones us in answer to an ad in any newspaper and is, or appears to be Jewish, do not meet them anywhere!" The letter went on to instruct sales people that if it happened on a Sunday, the callers were to be told that the broker did not show on Sunday and the caller's telephone number was to be taken and then thrown away. There were other instructions as to how to spot such "objectionable" applicants. The instruction sheet stated that cooperation with Jewish would-be purchasers might subject the broker "to severe criticism by the Board and our fellow brokers, as these are everywhere and just roam from one broker to another hoping to get into Greenwich."

The respondent real estate broker admitted that the letter in question had been written by her. But she claimed she had done it because she feared criticism from the Greenwich Real Estate Board. This defense is noteworthy, since it indicates that the pattern shown by the instructions was attributable to the organization of brokers in the area and not just to one aberrant broker.

Mention has been made of the white suburban noose around our large cities which has contributed so substantially to the creation and intensification of our racial ghettos. Another characterization of the problem has been made by the chief of a redevelopment agency who told a Senate subcommittee dealing with urban problems that the poor "are running all over this nation like mice in a maze" looking for homes, and if the problem is to be solved the suburbs should be made to help house them. This is not to say that low-cost housing must be made available in every suburb. But certainly, the efforts of so many suburban communities like Greenwich to use their zoning ordinances to maintain the present status quo in terms of economic level and racial and religious composition of the community, to preserve the upper-class economic homogeneity which originally characterized them, must be dealt with.

Our Nation has grown to be the mightiest power in the world because artificial barriers of race, ethnic origin, religious affiliation, economic class, into which one is born, have not been allowed to stultify the great creative capacity of persons from all groups. Our cities and their outlying suburban rings have grown and prospered because of this. Zoning ordinances which set extraordinarily high economic qualifications may not and should not be used to maintain the walls of exclusion.

Of course, Greenwich has some industry, confined to sections zoned for that purpose. Greenwich even has some scattered Negro neighborhoods; some of those neighborhoods are mixed. But by and large Greenwich is the perfect example of

the upper-class bedroom community to which the wealthy — and they are white and infrequently from ethnic and religious minorities — move to live. Greenwich, like many of our older suburban communities, is characterized by a scarcity of available land for building new homes. Hence, the value of real estate in Greenwich is rising. But the fact is that Greenwich has practically no poor. It does have, in some of its neighborhoods, some lower middle-class residents. But the governing powers of Greenwich are apparently more sensitive to the concerns of the owner of Greenwich of the large estates and large old homes. They have adopted a zoning ordinance which zones large portions of Greenwich for individual homes, homes located on lots which are at least four acres in size. The result is to intensify the scarcity of available land upon which to build homes in Greenwich. Another result is that Greenwich has very little lower middle-class residents, and no poor. The middle-class and poor persons who come into Greenwich to work and who would like to live in Greenwich have “spilled over” into the neighboring communities of Port Chester, Stamford, Norwalk, et cetera.

Efforts to break this pattern — to open additional areas in Greenwich for occupancy by middle-class persons in homes located on smaller lots, one-half acre in area — have been rejected by the Greenwich Planning and Zoning Commission. Thus, in 1963, an application by the owner of approximately 13 acres of land at the extreme northeasterly corner of Greenwich to have his land zoned for half-acre building lots for residential use was rejected by the Greenwich Planning and Zoning Commission. Opposition to the zoning of the land for medium-density occupancy came from a local association called The Northeast Greenwich Association, which submitted petitions containing over 1,300 signatures of Greenwich residents opposing the application. The association was one of property owners in the area. A representative of this group told the Commission that the association was not there out of “selfish private interests but because it feels that this application is an important step, and an important breaking of the basic principles upon which town zoning has been organized.” Yet the specific opposition was based on technicalities, carefully avoiding any mention of exclusion of members of ethnic or racial minorities from Greenwich or of lower middle-class homeowners. One of the opponents warned “that permitting such use of the Zygmont property might start a chain reaction which would change the basic concepts of Greenwich.”

Then the Rosensteil Foundation, a charitable foundation, sought to obtain permission from the Greenwich Zoning and Planning Commission to zone 83 acres for sale in half-acre lots so that it could be sold to middle-income people of all races and creeds to help introduce into Greenwich the kind of economic and community heterogeneity which would contribute mightily to its dynamism. Mr. Rosensteil was concerned because Greenwich had become a citadel of privilege which was using the state's police power to impose residential restrictions for the benefit of the rich. The situation in Greenwich in which 30 percent of the population of the community lives on two-thirds of the land in the community and 70 percent is confined to between a sixth and a seventh of the land is unhealthy. That was the situation in Greenwich when the Rosensteil Foundation applied for the approval of half-acre zoning of the 83 acres in question.

There were lengthy hearings before the Zoning Commission; there were arguments on many technicalities. Once again, the representatives of the neighborhood associations were loud in their opposition. They concentrated on technicalities such as the effect of such use of land on water supply, et cetera. They ignored the fact that the land in question was bordered on one side by a zone in which small plots for individuals homes were permitted.

The Zoning Commission listened. It requested the submission of briefs. But it upheld the continuance of the status quo, rejecting the arguments made in behalf of the higher density use. The argument of economic discrimination the Zoning Commission professed not to understand. Even though the fact is clear that lot sizes normally have a relationship to value, the Zoning Commission said, “Lot sizes have no necessary relationship to values.”

Thus the Zoning Commission, a representative of the political authorities, became a guardian of the status quo. It became the protector of those already living in Greenwich — not all of them, of course — against the new lower middle-class ele-

ment which sought to live there also. It warned against overcrowding of the beaches and other facilities of Greenwich.

The decision of the Greenwich Zoning and Planning Commission made no mention of the impact of high-acre zoning in terms of exclusion of members of racial and religious minorities, which are lowest in the economic scale. Rather, the Commission claimed that "discrimination does not exist in Greenwich, in schools, in recreation areas, in housing or in any other areas which are not controlled by individual choice." But the fact is that the zoning restrictions make it unnecessary for such discrimination to develop since they have kept members of the minorities in question, who are concentrated in the lower economic levels, from living in the town. There is no need for discrimination in schools or in recreation areas when the goal is achieved by economic exclusion by means of zoning ordinances. And we have seen how patterns of exclusion and discrimination in housing had previously existed in Greenwich and helped achieve the privileged and exclusionary status of present residents which the Zoning Commission is now seeking to maintain under the guise of protecting the "general welfare of the existing residents." The Commission does go on to claim that it is also helping to protect the general welfare of "those to come" but meanwhile, by means of the maintenance of large areas zoned for four-acre minimums, it is excluding from the community new persons in the lower middle-class, some of whom would almost necessarily be of minority origin.

The fact is that in the analogous problem of de facto segregation in public schools, the courts have held that a school board cannot close its eyes to the past. It cannot ignore the fact that it may, in the past, have played a role in helping to bring about de facto segregation in the schools, and simply base present inaction on the fact that nothing with respect to its present behavior can be shown to be helping to maintain existing racial segregation in schools.

Recent Court Decisions

This trend with respect to zoning has been reflected in some recent decisions. We have mentioned the decisions in the Easttown case and in the Fairfax County case. These decisions undercut local autonomy in zoning decisions. As the *Wall Street Journal* has pointed out, "The growing concern of Federal and state governments with housing is causing them to cast a suspicious eye at the possible role of local zoning regulations in impeding home building," (*Wall Street Journal*, August 15, 1966). The same publication noted that city planners are becoming disenchanted with zoning, contending that it has proved an inadequate tool to cope with such metropolitan area problems as the physical deterioration of downtown areas, the spread of slums, or the unsightly sprawl of subdivisions into old pastoral areas.

Our Greenwiches must be dealt with. The walls of privilege which high-acre zoning ordinances have built around them must be broken. The effort of zoning commissions to give a gloss of impartiality to the discriminatory effects of high-acre zoning ordinances must fail. It is our belief that when such issues are brought before the U.S. Supreme Court it will recognize that zoning ordinances and ordinances of this kind are exercises of state power which deny equal protection of the laws to "those who do not yet live in the township but who are a part or may become a part of the population expansion to the suburbs." (See Easttown.) The political authorities of Greenwich, including its Zoning Commission, must recognize that their fate and destiny are inextricably interwoven with the fates and destinies of the rest of the state and country. They may not use the state police power via zoning ordinance to protect their citadels of privilege. They may not seek to clothe themselves in the garb of "protection of the general welfare of the existing residents" when in fact from beneath their hem the slip of self-interest and bigotry shows.

Zoning Variance for Economic Benefit

The most recent development in Greenwich reflects still another instance of the differential use of zoning ordinances and the willingness of zoning commissions to use the process of granting variances to serve the special, narrow, private interests of present residents of their communities with a resultant discriminatory effect on

those who would want to be future residents. A major American corporation — American Can — sought to purchase a tract in an area in Greenwich zoned for four-acre residential occupancy, an area called The Golden Triangle. It planned to erect an office complex there which would employ hundreds of persons. The chairman of the Zoning Commission supported granting a variance in this case.

Certainly, among the hundreds of employees of American Can there will be persons of middle-class means, including Negroes and members of other minorities. The pattern of zoning established in Greenwich will make it impossible for many of these employees to obtain housing in Greenwich. As salaried employees they will hardly be able to afford a house built on four acres of high-cost Greenwich real estate. Certainly, the entry of these employees into Greenwich will help bring about precisely the overcrowding and overuse of facilities which the Zoning Commission used as the basis for rejecting the application of the Rosensteel Foundation. Yet, the Zoning Commission gave favorable consideration for the American Can facility. And those who opposed the Rosensteel Foundations's application raised no objections, since they remain secure in their privilege status and their tax burdens are eased, and the possibility of increased cost of schools and other community facilities is lessened.

Here again, the zoning ordinance is being used to protect private interests to the detriment of the public welfare. Here again, the basic truth recognized in the war on poverty — that racial discrimination cannot be dealt with effectively without a concomitant attack on economic discrimination — is recognized by the governing authorities of Greenwich. But it is used in aid of economic privilege and discrimination with the simultaneous achievement of the concomitant effect of racial discrimination.

MRS. SMITH: Thank you very much. Before we go on, Mr. Carl Feiss, a planning and urban design consultant, a Fellow of the American Institute of Architects, and a member of the American Institute of Planners, also wishes to be heard. Would you please come up to the table. And Mr. George Frain, would you please be next.

Mr. Frain: Rescue Aborted Neighborhood Renewal

MR. FRAIN: I'm George Frain, I am Administrative Secretary of the 18th and Columbia Road Business Men's Association, I retired last fall from Capitol Hill after some twenty years. It was my privilege at various points to work with Senator Douglas and Howard Shuman, and I am delighted to see them here to talk about some of the problems that face us all. It was my thought that perhaps some of the experiences which we have had in the Adams-Morgan area might be helpful to you.

We've lived through six years of an aborted urban renewal project known as Adams-Morgan. I'm sure that in the time the Senator was here this was very much in the newspapers. The project would have cost some \$26 million. It covered some 230 acres in northwest Washington, in an area know as 18th and Columbia Road. It lies roughly between Connecticut Avenue and 16th Street, in one of the choicest sections of the city. It is an area that has most of the chanceries and embassies in Washington. It is probably the most international community in the city. It is a community, in other words, which should have had a great deal more attention from the city and from the Federal Government than it has had.

Now, it seems to me, and to our group and to the citizens in the area, that there was almost a unique opportunity to build a new city. It certainly wasn't necessary in this case, to go to outlying areas to build a new city. It isn't necessary to go to Reston or Columbia — it could have been built here. The advantages were many. For instance, it included some 30 to 40 acres of vacant land.

One of the tracts — the Henderson Castle tract — is next to Meridian Hill Park. It was owned at one time by Senator John Henderson, of Colorado, a multimillionaire, and was the social center of Washington — far more than either Perle Mesta or Mrs. Gwen Cafritz has achieved in our time.

A second tract, a seven-acre tract, is the Shapiro tract at the east end of the Calvert Street bridge. Now, mind you, this tract is only two blocks across the ravine and across the Calvert Street bridge from a fabulous tract that is occupied by the Shoreham Hotel, the Sheraton-Park Hotel, and beautiful townhouses, and some of the finest residences in Washington.

Curiously enough, the proof that this land is vacant is not only the fact that there is nothing on it, but the Federal Government and the Smithsonian Institution are now proposing to build an animal hospital on the Shapiro tract near the zoo. Land across the ravine is occupied by the Shoreham and Sheraton-Park Hotels and highrise apartment buildings, and so on.

It seems to me that this Commission might very well ask the Smithsonian Institution if it couldn't relocate its planned animal hospital perhaps out at Beltsville, which was suggested, incidentally, by the citizens of the area.

The zoo has established several parking lots in the zoo grounds, and this had led to the proposed use of this fabulous acreage which has a fine stand of timber and is simply magnificent. And so we think that for slums to persist in our area, and blighted houses, and so forth, for years, while the people in the summer — for instance, one of the local columnists in the *Washington Post*, William Raspberry, the Negro columnist who is very well known, talked about the fact that we were just on the verge of having an explosion such as Detroit, and Newark had in the core areas of those cities, and in Watts, and so on.

MRS. SMITH: Could I interrupt? We are running considerably behind schedule.

MR. FRAIN: I will only be a few minutes, Mrs. Smith. This panel, it seems to us, seems to be interested only in houses, although I have heard this morning some mention of the fact that you were concerned with education, jobs, and housing. Now President Johnson, the insurance industry, the Ford Motor Company, Senator Kennedy, and other leaders in Congress have called for jobs. We agree that jobs are essential. However, in Washington our urban renewal as we have known it not only would have been responsible (it justifies Senator Douglas' caveats about it yesterday, which are reported in the *Post* this morning) in our area for displacement of 1,500 families, but also 90 out of 220 commercial firms, and 28 out of 35 light industry firms.

And there's another aspect of the situation here that is terribly important: The General Services Administration in Washington is insisting on locating its offices in "Lily Whitesville" — either in Maryland or Virginia, where none of their colored employees can live — Mrs. Rhodes from the NAACP has been concerned about this — or on Independence Avenue, where the people don't live. Now it seems to us that an area such as ours should have a large commercial and light industry area that could provide the jobs. As a matter of fact, the 1985 plan for the city calls for 20,000 jobs at 14th and Park Road and 5,000 at 18th and Columbia Road.

We think we could rebuild our area by utilizing vacant land at the Shapiro and Henderson Castle tracts for housing. We think we could rebuild the area by providing the jobs that the NAACP calls for in 1985. And we just can't understand how, within two miles of the greatest temporal power on earth, the Federal Government, slums exist, and yet it is impossible for the authorities to really come to grips with the problems that we are faced with.

The Government doesn't seem to have gotten over its WPA mentality. The jobs that it provides in the inner city are the kind of things that Rufus Mayfield is famous for, the leaf-raking and the clean-up jobs.

MRS. SMITH: Sir, could you possibly summarize very briefly?

MR. FRAIN: Well, I think I made the major points. I have some papers here we would like to submit. We were extremely encouraged by the proposals of Mr. Simon and Mr. Moss this morning about light industry in the center city or next to residential units being possible and attractive. We would like to invite Mr. Simon, Mr. Moss, and Mrs. Chloethiel Woodard Smith, who made the Southwest urban renewal project so beautiful, to come up and help us build a new city here for people. Thank you very much.

MRS. SMITH: Thank you. Would you please file your testimony and we will make it a part of the record.¹ Mr. Feiss.

Mr. Feiss: New Meaning for "Highest and Best Use"

MR. FEISS: I will just address myself briefly to three sections of the discussion this morning if I may, because I felt as I was listening that there were possibly a few things that I might be able to contribute. Earlier, about the middle of the morning, there was some discussion — I think Mr. Woodbury was a party to it — on the question of the highest and best use on urban renewal. I believe, Senator Douglas, that if there is one thing this special study Commission could do that will be of great benefit would be to make a new definition of the highest and best use for urban renewal purposes.

The Housing Act of 1949 was passed July 15, 1949, and I started working in urban redevelopment here with the Housing and Home

¹ In Commission files.

Finance Agency in October of that year. Those of us who have been involved in it this length of time from the earliest days of it have been misled, I think, through our eagerness, to see achievement in the easiest possible way. And that way was to obtain a viable economic base largely in central city renewal through the redevelopment of central city sections. This would bring a major return on an investment where a major return was not really the intent of the law in the first place. So I think that a new definition, sir, in this area would be of the greatest possible benefit. Obviously this definition is going to be something else, I am sure, than just the highest and best use being judged only on the greatest cash reuse value achievable from a renewal effort. That is my point number one.

Open Space Free-for-All Because of No Zoning

Number two is on another subject — the question of zoning. We in this country have had a major defect in zoning from the very beginning, from the first zoning laws passed in 1916 or 1918 in New York City, and from the time of the validation of zoning in 1925 by the Supreme Court; that is, unfortunately, open space use was omitted as a use in zoning. Therefore, open space became a free-for-all, it became expendable as a use.

Now there are anywhere from 10 to 12 clearly identifiable uses for open space, including agriculture uses, institutional uses, recreational uses, and others. I won't go through them. There isn't time. But it would have been, and should have been, possible to avoid blanketing the country with areas which are not covered or could not be covered by a land-use definition.

It's very interesting, in fact, that today we have open space grant programs in the Department of the Interior and in HUD for open space land uses that are actually not legally defined in zoning and are not defined in most instances in planning. This is a very strange little gap in our thinking. And as a result of it, there is not a farm bordering an urbanizing area that isn't up for grabs, and the up-for-grabs system is the system that has provided us with the worst of our slurb developments and is one of the reasons why we cannot control development at the present moment.

I have been, and I am sure that there are others, who have been interested in the State of Hawaii's zoning program in which the State is actually taking the responsibility for open space zoning outside urban areas.

I served as a consultant this past year for a special legislative commission, in the State of Connecticut, to study the feasibility of metropolitan government. This is a commission that submitted its report about three or four months ago.

And in my testimony before that commission, I said the Connecticut Development Commission had mapped the total zoning for the State of Connecticut as it is at the present moment, equating the vari-

ous ordinances in mapping on a common denominator basis. The map that was actually prepared is an extraordinary one, because it shows how utterly ridiculous the zoning pattern is for that state, and this could be done in any state in the union.

Therefore I raised the question as to whether or not the delegation of zoning controls under the police power by the state, a good many years ago, should not be reconsidered by the state and possibly withdrawn, at least for those areas of the state where development will still take place when the population doubles, as it will by the year 2000. It took 300 years for the present population to be achieved. It will be doubled in 30 years.

Now, with this tremendous rate of population growth, which is clearly going to occur — it has been attested by all the population experts — there is going to have to be an acceleration of the development of schools, public utilities, housing, roads — all the public services and facilities all of which are deficient today. And Lord knows how they — or we in any part of the country that is going to be impacted by population explosion of this kind — can meet these deficiencies.

Hunter Moss mentioned the deficiencies in Miami of sewers. The deficiencies are not only in Miami. They are in Washington, D.C. They are in every city in the country, and they are an integral part of the problem we are facing in slum clearance where slum clearance has to continue to occur and where new housing has to be built to take care of the lower-income groups.

But I'm suggesting — as I wind up here, Mrs. Smith — that a look should be taken at the delegation of the police power to inexperienced localities, including rural areas, which are on the fringe of urbanization, because there is very little evidence in my opinion of the capacity of such jurisdictions to meet the impact of urbanization, and to be prepared in advance for it. I'm not saying that the states themselves in every instance are able and ready to take over this responsibility. But I would say that they are probably in a better position so to do than most of the localities that are going to be impacted.

Thank you very much for this opportunity.

MRS. SMITH: Thank you very much for testifying.

I think that concludes the hearing here until 2 o'clock this afternoon, when we will appreciate your coming.

*Lincoln Inn
Washington, D.C.
Noon, October 28, 1967*

MR. DOUGLAS: Congressman Richard Bolling¹ is serving his 20th year in the House and I think he can stay in the House as long as he wants to. He is the chief liberal traffic cop in the House. He is a mem-

¹ Democratic Congressman for Missouri's 5th District, first elected to House of Representatives in 1948. Author of *House Out of Order*, study of the U.S. House of Representatives, published 1963 (New York: E. P. Dutton).

ber of the House Rules Committee, which tenders the legislation through the House as a sort of traffic committee.

For many years he also has been a member of the Joint Economic Committee. Congressman Bolling was the first man that I know in the legislative body to become interested in the subject of economic growth. He pressured me for many years, when I was Chairman of that Committee, to have a study made of comparative growth rates in various countries of the world. I must admit I was a little bit lethargic on this, because I had a suspicion that a study of the comparative growth rates would show that we were relatively low — much below the Soviet Union. But Dick insisted, and he started the whole question of comparative growth rates which John Kennedy took out in the 1960 campaign. He was the first man to really see the importance of the rates of economic growth.

He has had a very distinguished career in the House and in Congress and he is now Chairman of a Subcommittee of the Joint Economic Committee which concerns itself with urban problems, and is a permanent committee of the Joint Economic Committee. And therefore we have a permanent avenue of discussion of urban issues, and it is not limited to housing matters that come before the Senate and House Banking and Currency Committees.

Dick, we are very glad to have you.

TAKE FRESH LOOK AT URBAN PROBLEM

REP. BOLLING: Thank you. You know, a politician always gets up and says it's a very real privilege to be here. This is one of those rare occasions when it really is.

There are only two men that I have greatly admired in American politics — and I thought a long time about whether I would say this or not. One of them is dead, and they both disliked each other. One is your Chairman; the other one, the dead one, is Speaker Sam Rayburn, and I am here primarily because I think that anything that Paul Douglas is involved in is bound to be good for the country. I mean just exactly that. I hope that all of you are worthy of being on a Commission which he chairs because you face a problem that I think has been very little faced by the American Congress, the American Executive, and it is very unlikely that it will be faced effectively by any group, including this Commission.

I served for some years on the House Committee on Banking and Currency and for a number of years, as Paul has said, on the Committee on Rules, which gets a look at everything that comes through — that is, if we have the votes to let it come through. But I discovered a long, long time ago — like 15 years ago — representing an urban area as I do — Kansas City — that what we were doing in terms of urban problems was wholly unrealistic; that urban renewal, housing, and all these fine programs that we Democrats developed — with the help of

Senator Taft — weren't really achieving much in terms of meeting the problem. I am not a second guesser, because I said in public 10 and 15 years ago that what we now call the ghettos were going to erupt. I wasn't sure when, but I was sure they would.

It wasn't that I was so smart that I predicated this. It was because I had such a peculiar background and experience. I was born in Manhattan in New York and grew up in northern Alabama and now represent Kansas City, Missouri. So I had a chance as long ago as the mid-forties to see what was going on in that city and I was able to talk to the people who were moving into that city because they came from the area where I grew up — in northern Alabama. They were both black and white; so I understood the ghetto problem. I also understood that the solution — public housing — that we had in my community, entirely supported by the bankers, wasn't going to be good enough.

Our subcommittee has held five days of hearings — a first phase. We had as witnesses anthropologists, psychologists, sociologists, social psychologists, and specialists in all sort of disciplines. We have learned some very, very interesting things. I am entranced by the anthropologist, Dr. Hall. He explained to me there are people who react differently to exactly the same circumstances. He says that the use of space in Japan is clearly different than the use of space in the United States. For example, here we have bedrooms and bathrooms and living-rooms and dining-rooms and kitchens, and in Japan people who live and do about the same things that we do, may use the same room for different purposes all through the day. It may be a bedroom at night, it may be a dining-room in the evening. They use space differently, they have an attitude toward space that is different. This analysis is useful for today's problems. In the ghettos, the people with, let's say Puerto Rican, or southern Negro, background, have different attitudes in respect to space than the "WASPS."¹ This fact must be kept in mind as we replan our cities.

I have an excellent staff guy — Paul knows him — Jim Knowles [James W. Knowles, Director of Research, Joint Economic Committee], who has been running a study for me. I have also a very interesting guy who is on my own personal staff, and they both agree that although our preliminary hearings are inconclusive, a few common threads run through the testimony. One says we should not try to redevelop the cities as they are; that the areas that we call the ghetto areas should be abandoned. They might be turned into open space, and we should go out in a new town. The other thread is we can have "new towns," right smack in the middle of those cities, that we can by ingenuity do something with what we have done so badly.

A third thread is that we should study a great deal more about the kinds of people who live in the ghetto. We should pay a great deal more attention to their ethnic origins; that we should overcome what I conceive to be a liberal prejudice and recognize that they are dif-

¹ Acronym for White Anglo-Saxon Protestants; used to characterize those white Americans who purportedly dominate or set the pattern for the Nation's culture.

ferent — that one culture is different from another culture. We may have been able to assimilate very successfully the Irish and the Middle European, but we have a special problem today, and it is not a Negro problem. It is not a problem of only color, but it is a problem that includes the problem of color. We must acknowledge the grave damage that this society as a whole did to our Negro Americans for 200 years. This is something for which we have to take radical steps today. The problem of the ghetto is not just a problem of the Negro in the city today, the escapee from the South. It's not just that problem. It is the problem of the escapee from San Juan. A great many of our clichés probably don't stand up.

The idea that we should have homogeneity may be wrong in the transition period. I am the guy that cast the decisive vote on the passage of a decisive amendment to the open housing bill in the House of Representatives in 1966. I happened to be the Chairman of the Committee of the Whole House when we passed the bill, and if it had not been modified, there would have been no bill passed in the House. My credentials on the subject are not in question.

I think we have to take a fresh look and I think we have to use our imagination. I think we have to do so because I happen to believe that if society survives it is going to depend on our ability to meet this problem. I am not nearly so concerned about the uproar about Vietnam as I am about the problem of the city.

I have the view, as the Chairman, that you ought to be commended for your efforts and I hope you stretch your minds and mine.

QUESTIONS BY COMMISSION MEMBERS

MR. DOUGLAS: Thank you, Dick. Dick, do you have a few minutes for questions?

REP. BOLLING: Yes, sure, that's what I wanted.

MR. O'NEILL: *Congressman Bolling, all of our forefathers came over on one banana boat or another at a time, generally, when there was a great need for common labor in this country. I know that the Irish and the Negroes built most of the canals by hand. But today we only have about 6 percent of our labor force as common labor, or some figure like that. It is a very small amount, and I think one of the biggest problems we have is providing jobs for people who are, as they say, functionally illiterate, with no basic skills for anything but common labor which psychologically is demeaning in our present-day society. When everybody wants to be a white collar worker, you can hardly get a kid out of high school who wants to become a carpenter or a cement finisher because it is not in an office; so I am sure it is going to come up before your committee many, many times, and I wish you would comment on this.*

REP. BOLLING: I think that the attitude of considering working with one's hands as not as good as working in an office is an attitude sort

of like one that says the lowest form of human endeavor in the United States is politics. But we have to face it, and accept the fact that it exists and do something about it. Every group that is involved must face it and deal with it frankly.

Now, I don't know much about the world, but I know a little bit. I have to fly across the country a good deal at one time or another, and I know that the way we take care of our forests and sides of our roads — and not talking about beautification, I'm just talking about doing a better job in growing trees and using our resources — is utterly asinine. There is no developed country on earth — whatever the euphemism is for an advanced country — no developed country today treats its resources as badly as does the United States. I think that's correct. Is there an argument on that?

MR. BLACK: *No, no, we were just saying this and were wondering, Mr. Congressman, how in the world Mr. O'Neill figured a Negro could be a cement finisher.*

REP. BOLLING: I mentioned that, I think, earlier.

MR. BLACK: *It depends on labor jurisdiction.*

REP. BOLLING: I agree with that, and I think it is something that has to be faced head-on. I know most of the guys involved in the building trade, and I think that they, under pressure from an ex-plumber, George Meany, have made some progress but not nearly enough. I get letters from people in my district, people who vote for me, I hope, who say, "We feel that our job is something like an investment in a small business and we should be able to pass on to someone in the family." They literally write that to me.

I think it is very important that the body politic make it clear that that "ain't so"; that anybody that's qualified to work should have an opportunity to work at his or her particular level of skill. I think your Commission has to say very frankly, we are not going to put up with the collusion among the architects and builders, and building trades.

(Applause.)

REP. BOLLING: Who clapped?

MR. BAKER: *Out in California a man is not called a plumber. Out there he is classified as a drain surgeon.*

REP. BOLLING: Well, you know, I don't want to be mean about this, but there isn't any point in having a conversation unless we have one. The pressure comes on me. On Federal projects is the best pressure I get.

MRS. SMITH: *I could tell you about that, but how do you deal with it?*

REP. BOLLING: I will be glad to tell you. I am standing in line. All I know is they come at me.

MRS. SMITH: *We architects just sit there stupidly.*

REP. BOLLING: I have lost my audience.

MR. BLACK: *Congressman Bolling, may I ask you one more question? There has been some thought by a few of us — members of the*

Commission who don't know too much — that there are some restrictions on trade practices by some of our brothers in the unions, such as, for example, the famous preassembled door case the Supreme Court is aware of.¹ And I understand last week the National Labor Relations Board held that it was all right for members of certain unions to say you can't put that boiler in this project unless you let them attach the gauges on the site. Have you encountered anything like that in your experience along the way?

REP. BOLLING: Sure.

MR. BLACK: *Do you know of any way to get somebody who will say the truth about it?*

REP. BOLLING: Of course.

MR. BLACK: *Is that a fact?*

REP. BOLLING: I think it's a fact. I think it's a fact that everybody scratches for all the jurisdiction they can get, including lawyers.

MR. O'NEILL: *That's right, including lawyers.*

MR. BLACK: *I think the American Bar Association ought to be thoroughly investigated.*

REP. BOLLING: You do?

MR. BLACK: *Yes, by the Bar Association.*

REP. BOLLING: Not by the politicians? I would hope that the politicians could face up to that problem.

MR. BLACK: *Do you know where we could get a list of these things such as putting gauges on boilers?*

REP. BOLLING: I don't know where you can get a list, but I know that you can find out by communicating with almost any mayor because they have quite a lot of experience with this.

MR. SIMON: I wonder if you are interested in looking at the very definite connection between the underworld and the building trade unions?

MR. BLACK: *If there is any.*

MR. SIMON: There is. There's no question about it.

MR. O'NEILL: *How do we get to it?*

MR. SIMON: I don't know, but I can tell you about it, and I know some people who have been mixed up in it.

MR. O'NEILL: *Can you give those names to Howard Shuman, our executive director?*

MR. SIMON: Yes.²

MR. DEGROVE: *Congressman, I am particularly interested in the remarks from the kinds of people you hear from, especially the anthropologists, who perhaps have more to contribute to understanding what we are dealing with in urban problems than anybody else. How long have your hearings been going on?*

REP. BOLLING: Well, I should describe the hearings clearly.

MR. DEGROVE: *Yes, I wish you would.*

¹ *National Woodwork Manufactures Association et al. v National Labor Relations Board*, U.S. Supreme Court decision 386 U.S.12, April 17, 1967.

² Possible source of direct information given to the Commission.

REP. BOLLING: These are very low-key hearings. The last time I involved myself in hearings they took five years. They had to do with growth and U.S.-Soviet economic comparisons. All I was trying to do then was to get people to sort of agree that, whether you liked it or not, the Soviet Union could do things when they decided to, as Paul said earlier. The increment of economic growth made it possible for a society to do more than if they didn't have growth.

MR. DOUGLAS: *Obviously.*

REP. BOLLING: While these hearings are going on I will vote for any bill that deals with any urban problems — even if I think it is about 49 percent faulty, because I think the problem is so urgent. I would spend a good dollar, and waste a dollar, in order to get something done. I am not trying to stall it. This is the classic service approach. I am in no hurry toward the study, because I think if you hurry with an idea you then almost insure a perversion. If you move too fast, you come to conclusions that are basically expedient and not very effective. Now that's the kind of hearing it is.

With good luck and my kind constituents, I will be at this for some years — not interfering with the poverty program or the housing program or anybody else's program.

Helpfulness of Anthropologists

Now the anthropologists say something that I think is pretty keen. They say they know something about people, and they say they know something about culture. They say that cultures are different, and I have to agree that cultures are different. I would like to find out why it is that an Englishman in a conversation with you looks at you differently than I do. It's true — and I think it's important to know why a Puerto Rican transplanted from Puerto Rico to New York reacts differently than a WASP or a Negro in his social distance and use of space, and I think that kind of thing is very, very important to put in the mix.

I have a luxury. The Joint Economic Committee, of which my subcommittee is a part, has no legislative responsibility. It can take a large view, therefore. It has a responsibility to tell the truth. A legislative committee has to work in terms of what can pass. It's a very important difference.

MR. DEGROVE: *Will you be publishing stuff?*

REP. BOLLING: Yes, we have already both a compendium and the directory. The history of our experience on U.S.-Soviet economic comparisons is that our staff becomes technical and then we get this abrasive interaction among groups, intellectual community groups, institutional groups, and, in turn, between them and the politicians.

MR. DOUGLAS: *Mr. Congressman, we also have a report we have to make in the not-too-distant future. We can't work for an eternity as you can. Let me ask you this: What specific way do you think government policy should differ because of the larger picture all over*

the country — the Negroes in our cities, in the Southwest the Mexican-Americans, in New York and perhaps a few other cities, the Puerto Ricans? What are the specific racial and cultural differences which in your judgment require different treatment — or perhaps you haven't —

REP. BOLLING: I would say it's extraordinarily important for this Commission to get in people who obviously would have different views and who would be able to say pretty clearly what they thought. People who know about cultural differences and attitudes towards space, use of space, as in the case of Puerto Ricans. The groups that have been part of the great migration waves of modern times. I don't have the answer but I know for sure that we have got to look at this and look at their attitudes. Otherwise, whatever we do in the city is going to be a ghastly mistake.

MR. DOUGLAS: *We roughly set a standard, I suppose, that a family ought to have somewhere between 900 or 1,000 square feet of space with separate bedrooms for children of each sex, and with a bathroom. Do you think those standards would be diminished because of Negroes coming from the South?*

REP. BOLLING: That isn't what I am saying. I'm just going to plead ignorance. I don't know. I simply don't know.

MR. JOHNSON: *I think in this connection among those of us who have thought about this problem over the years and have a somewhat different answer from yours, there are a number who feel in a village kind of society — or we'll say semi-village society — most of the people, regardless of the cultural patterns they had before, tend to assimilate in one way or another to what they interpret to be the predominant cultural pattern. The complaints we have gotten around the country, interestingly enough, from residents of public housing projects and other publicly constructed projects, were that they were not enough like the main stream. They were criticizing the fact that they did not have the same amenities and some of the same gimmicks in their housing that the larger group in society has.*

This suggests another whole level of problems. I mean, are you going to fix permanently into the city a kind of entrapment for those in old patterns? Or do you plan to make them part of the main stream? It is a very difficult thing to talk about.

REP. BOLLING: I agree with that and I think that is an utterly valid position, and I don't know the answer. The thing that I know, I know my territory. I come from a relatively small city, most of which I represent. But the people that I talk to, the young ones, who are the left wing of CORE — which is the most radical group we have in Kansas City as far as I know — tell me that they don't care about public accommodations because the local bar was more convenient, and I am not being acid about that, but I think I ought to be. They could get to a better meal over here but they couldn't care less about open housing because they never hope to be in that housing. Well, I don't believe that.

I think we ought to have the open housing just as a principle, even though it has no effect. I am saying that open housing may be very important, sort of as a principle.

I will raise the ante. I am willing to spend \$2 in public funds for every \$1 that you spend. I couldn't care less about the expenditure of money. I think we could spend a vast amount and not even touch our capacity. I think what's going on in the Hill today is insane. I think we have a capacity to spend two and three times as much money as we are doing; so I'm not saying anything. But I'm desperately worried about our inability to really take a look and see what — let me give you an example of what is offensive to me.

My wife had a conversation the other day with a lady who cooks for us. She is a smart woman and has a very strange way — with no education, no background, no money, but a hell of a good cook. She has an instinct for flavor that all of us would envy, and I suspect around here there are some people like me who are amateur cooks and I value an instinct for spices; I think it's an important capacity and this lady has it. But the point here is, she said to my wife yesterday, and my wife was telling me about it this morning, she said, "You know, I think the black Muslims and the Ku Klux Klan are in collusion. They are working together. All they want to do is get my money. All they want to do is take something away from me. They don't care about me. They never do anything for me."

I am not making a racist point on this, I am making a point that this is the kind of thing you have to look at.

Now okay, she is not highly educated in a formal sense. You got to look where we are. I hate to be so — what am I? A conservative?

MR. BLACK: *No, truthful.*

REP. BOLLING: Truthful. This is what we got to look at. I see a very easily soluble problem, Paul, a problem that can be solved if we will apply the knowledge that we are beginning to have. We are getting more and more information about people than we ever had before. We are now getting money put into a study of human beings. We are beginning to find out a little bit about what makes them tick. But as we look at the physical surroundings we have to look at the people. That's all I am trying to say.

MR. RAVITCH: *On this question of the differences of cultures and so forth, this is partly a response to the Senator's question. There's one thing about the Puerto Rican culture I think has been pretty well established. There have been studies of this in public housing in Puerto Rico. One of the differences is the importance of what the sociologists call the extended family; that is, more than the husband and wife and children. Any Puerto Rican who is the head of the house, one of the things that he insists on, to maintain his own dignity and self-respect, is that when these relatives or distant relatives of his get in trouble — without a job or ill or something — they can come to him and he will take care of them. So they run into trouble in Puerto Rico because of their occupancy standards in public housing — because*

this is constantly happening, you see — and they are overcrowded and then the management moves against the overcrowding.

Now here would be one example of a difference in culture that ought to be reflected in the policy of management of housing, whether it happens to be in Puerto Rico or New York or some other place where Puerto Ricans live. The thing that I think Jeh Johnson was getting at, the thing I find so difficult is this — and I am just pleading ignorance as you do, sir — it's one thing to say that we can change the management practices in this respect for Puerto Ricans or that we ought to, probably, or that we can make some other change in the type of services that are made available in education or what-not, to meet their cultural differences. But, when you get down to the question of physical facilities, where are you going to build houses and schools and neighborhoods, and so forth, which are going to be there for 50 or 100 years? Then the question is, are we building to the current standards of a subculture and expecting people 50 years from now to have those same standards, and so forth?

REP. BOLLING: We have always done that historically.

MR. RAVITCH: That's right.

REP. BOLLING: But there is no reason that we should, because we have a capacity to build for a short term as well as a long term, and I raised that point. I mean you did not have to have a piece of construction that will last 100 years. You can build, as we have done inadvertently, a short-range slum. We just finally pulled down the last short-range government slum, not housing, but temporary office buildings here in Washington.

MR. JOHNSON: I just want to add one thing to that — not prolonging this discussion, which has been very interesting — but one of the problems that at least I view is there are apparently too few prototypes anyway. The prototypes that we have now are being built as an accommodation to practicality rather than to any kind of serious study as to the way people actually live. You can provide so many units and you can squeeze a few more into this kind of a shape. That's the way it is going on.

I subscribe to some of the anthropologists' views of what a home should be, rather than what the architects traditionally use. I think it's fascinating to see their evaluation of what a family life can be, and each individual should be able to develop his fullest potential in some kind of environment. I am fascinated by it. But I find on the practical day-to-day basis when you work or design houses for people, they are designing an image that may be totally foreign to their own needs but is satisfying to them because it represents the accepted norm, it represents the norm of the larger society, whether it means anything to them or not. This is something that people do who have complete free will. People who build a house that costs over \$100,000 are the same way.

MR. DOUGLAS: Dick, we want to thank you very much.

Auditorium
National Gallery of Art
Washington, D.C.
Afternoon, October 28, 1967

How to govern metropolitan areas such as Washington, D.C., where problems and functions cross city, county, and even state boundaries, was discussed in the final session of the Commission hearings. Community development and finance were emphasized. Councils of governments—a fairly recent development—were examined for what they are doing and might eventually accomplish in dealing with the broad spectrum of urban problems.

GOVERNING THE METROPOLIS

MR. DOUGLAS: This is the final session of the hearings we have been holding throughout the Nation and in Washington on urban problems. We have the honor of having a very distinguished architect and citizen as our chairman for these Washington meetings. So on behalf of the Commission I am going to thank the witnesses this afternoon for taking the trouble to come and I will turn the meeting over to Mrs. Chloethiel Woodard Smith, who is a very valuable member of our Commission.

MRS. SMITH: We have two witnesses this afternoon: Mr. Hanson and Mr. Scheiber. Mr. Hanson¹ will speak first. He is President of the Washington Center for Metropolitan Studies and Professor of Government and Public Administration at the American University in Washington.

Mr. Hanson.

MR. DOUGLAS: Mr. Hanson also is a leader of the one-man, one-vote movement. He really furnished us with the ammunition which we tried to use on the floor of both Houses.

STATEMENT BY ROYCE HANSON

MR. HANSON: I might say your Chairman remains responsible for the solidification of that victory in his leadership of the forces in the Senate to defeat the so-called Dirksen Amendment that we trust now is permanently interred.

I speak, Madam Chairman, this afternoon, primarily as President of the Washington Center for Metropolitan Studies, which is a non-

¹ Consultant, Department of Housing and Urban Development 1965-66; staff member and consultant, Municipal Manpower Commission, 1961-62; director, National Capital Area Center for Education in Politics, 1963-64. Member, Montgomery County Charter Revision Commission; Board of Directors, Potomac Basin Center; Board of Governors, Montgomery County Citizens Planning Association. Democratic nominee for Congress, Maryland, 1964, 1966. Author: *The Political Thicket* (New York: Prentice Hall, 1966); other books and articles.

profit, tax-exempt community service, research, and educational organization.

One of your Commission members, Dr. Woodbury, was one of the original trustees of the Washington Center.

This metropolitan area, like most in the country, is not organized to respond to the great changes which have taken place in its physical conditions and its population. While there are some encouraging signs in its development, it is not unfair to say that grave difficulties remain in organizing the financial and human resources in this area for a concentrated attack on its problems. I think you will hear from other witnesses here, and particularly from Mr. Scheiber, something about the way in which the metropolis is currently organized. Consequently, I would like to direct most of my testimony to some of the problems of intergovernmental relations in the area and as they affect such problems as community development or finance.

Washington Metro Area: A Political Doughnut

Like many other metropolitan areas in our state, ours is divided among two states and the Federal District of Columbia. We are unique, however, in that the central city is not only a federally supervised enclave in which the residents do not vote but, to a considerable extent, this renders the Washington metropolitan area a political doughnut. This has serious repercussions in its effect on our approaches to metropolitan problems, inasmuch as the central city is not in any state. We may hope that eventually representation in the two Houses of Congress and home rule for the District of Columbia will eliminate this remaining peculiarity. For the time being, however, it is a difference of no small consequence.

Because of the presence of the national capital, there is a more direct impact by the Federal Government and its agencies in the metropolitan area than normally occurs in other urban regions of the country. There is, therefore, a problem of Federal impact and of the interest of Federal officials. Secondly, there is a great opportunity for demonstrating what can be done by a conscious effort to develop a Federal policy for this urban region, and to implement that policy through a far more effective coordination of many Federal programs.

Before going any further, I should like to say that by "Federal interests" I mean the interests of those Federal officials who have the power to make their interests effective. This is a term which is bandied about very much, and anytime anybody wants to do something with or to Washington or the region, it is justified as being done in the Federal interest. I think we need to have a much more hardheaded idea of what we are talking about when we use the term.

Roughly, I think you can divide "Federal interest" into two components, two institutional parts — the interest of the Executive Branch of the government and the interests of the members of Congress and congressional committees, and occasionally staff members on congress-

sional committees. Once they have the power to do what they want, that becomes de facto a Federal interest, so they emphasize the Federal interest in this area.

The Washington Center has just published a study, which became public on Monday of this week, on the *Anatomy of the Federal Interest*¹ and I should like to send to each of the Commission members a copy of the study — just general background on the peculiar problems here.

“The Federal Interest” as a Background Problem

The Federal interest is an important background problem to any discussion of this area.

Federal interests currently are not clearly articulated or coordinated through any single authoritative process or procedure. The activities of Federal agencies often are in conflict with each other. One cannot discuss a problem such as housing without recognizing that the Federal policies, governed by a number of agencies, have profound effect upon the capacity of the metropolis to meet this problem. Housing must probably be considered, I believe, as a metropolitan issue. The housing market works in metropolitan terms.

Financing is available, for the most part, on a metropolitan basis through the private lending institutions. Builders and developers not infrequently operate in several jurisdictions, and a system of employment in the construction trades is not isolated by individual jurisdictions. Yet, housing policy, to the extent that one exists, is related primarily to individual jurisdictions. Public housing is organized on an individual jurisdictional basis, rather than on a regional basis.

Moreover, the Federal interests in housing here are not expressed through any single Federal agency or any unified Federal policy.

The policies of the Department of Housing and Urban Development could be far better coordinated, for example, with those of the Office of Economic Opportunity, inasmuch as one agency may fund one kind of housing effort and the other, another kind. Similarly, the impact of various programs of Federal departments, such as the Department of Transportation, on housing, are beginning to be recognized, but have yet to be adequately dealt with in this area. Here we speak not only of the impact of transportation programs on housing through demolition, but also of the policies which relate housing location and employment center location. And there is no housing plan for the whole Washington metropolitan area.

There are various pieces of public housing plans; by and large zoning is supposed to take care of the rest of the housing needs. This is an extremely slender reed on which to lean, especially if we are concerned with the needs of low-income families, particularly those who may not be eligible for various public assistance and various public housing programs.

¹ In Commission files.

In addition to the general Federal agencies operating in the Washington area, there are also a number of special Federal agencies operating in this area alone. All, or most of them, have some concern with housing. Among these are the National Capital Housing Authority, which has operated solely within the District of Columbia, but independently of its government, and the Redevelopment Land Agency, which has been the urban renewal authority for Washington, also independent of the local government.¹

In addition, there is the National Capital Planning Commission, which is also independent of the local government; and each of these, I might add, is independent of each other. The NCPG, the planning commission, purports to perform the hybrid function of reconciling local and Federal interests through a system of representing a certain number — but certainly not all — of the Federal agencies that are involved in housing or in planning or in development or in transportation.

All these agencies, which have some particular direct involvement in the area, at the same time representing a group of citizens chosen by the President, are supposed to represent two other interests in the national capital — one, the local interest of citizens; and two, the national interests of citizens in the development of a national capital. Suffice it to say that this organization has not worked as well as sponsors of the 1950 legislation predicted.

Proposal for Office of National Capital Affairs

There is an excellent opportunity in this region, however, to establish what could become a prototype of Federal coordination for other areas. In the study of Federal interests which I mentioned earlier, I recommend the establishment of an Office of National Capital Affairs, operating from the Executive Office of the President.

This office would have considerable authority through the use of budget discipline and oversight of all Federal grants to all local jurisdictions within the metropolitan region — power to coordinate these grant programs, and the authority to develop a President's program for the national capital area. One of the responsibilities of such an office also would be to serve as a point of contact, and a regular and consistent point of contact in the Federal Government, for local government officials. The office should make sure that the impact of individual grant programs was having the result in the area desired by the law creating the grant programs, and that these programs were adequately coordinated with local planning and development objectives. Such an office could exercise the planning functions now exercised by such agencies as the National Capital Planning Commission in the location of Federal installations in the area, which is one of the most important pieces of economic leverage existing here that has an effect

¹ Some modification of District of Columbia government, in the direction of consolidated authority, occurred in the months after this hearing.

upon the development of employment centers and, consequently, of many other kinds of area activities.

It must be recognized that the Federal Government should certainly encourage the better coordination of local programs at the local and metropolitan level — to turn to another point. But it seems to me that the Federal Government has a complementary responsibility to set its own house in order in order to provide nationally, and in each urban region, the administrative structure necessary to accomplish this objective. In spite of some minor experimentation with metropolitan desk officers, only the most feeble steps have been taken in this direction.

What exists in the Washington area I think is illustrative — perhaps to a slightly greater degree — of what exists in many metropolitan areas throughout the country. And while considerable improvements have been made in interagency coordination, we are far from having at the national level a domestic counterpart of the National Security Council for the development of an effective urban and metropolitan policy by the Government of the United States.

Usefulness of a Metropolitan Development Bank

While I would rank coordination of Federal activities in the area as one of the foremost intergovernmental problems in successfully meeting the challenges of growth and change here, I think another area which also involves a new approach to Federal involvement should be attempted. This approach would suggest a middle ground between the proposals for block grants of Federal assistance to states or cities, and the current conditional grant approach which permeates Federal fiscal relationships.

One of the most severe problems that this or any other area faces is that the priorities demanded by the availability of Federal grant funds do not match the priorities of the city or the metropolitan area. For example, far more in the way of Federal funds may be available for the construction of highways than for improving programs of law enforcement or for rapidly upgrading the quality of inner city education. Yet, law enforcement, public safety, and the improvement of teaching, may be the highest priorities for local action under any rational analysis of problems and resources. Even without block grants, much more could be done with the existing Federal grants or the total amount of Federal money which is now available, if some mechanism could be found for reallocating these funds to meet more adequately the priority system of the cities and metropolitan areas to which they are given.

I would suggest, therefore, consideration by your Commission of the utility of a Metropolitan Development Bank which would permit existing grant programs to be pooled for use by a city, or preferably, with financial incentives to metropolitan areas in accordance with a development program which would have to be approved by the appropriate Federal agency or agencies.

If a municipality could bank all of the Federal funds to which it is ordinarily entitled, and draw those funds, not in accordance with the existing grant formulae, but rather in accordance with a program developed to meet its needs and approved by the appropriate Federal authorities, existing revenues could be far more closely coordinated and a more effective job of planning and development done in each region or city in the country.

If additional incentives were provided for the use of the bank, or metropolitan approaches to metropolitan problems were undertaken, we might obtain the necessary leverage to find Federal funds far more judiciously spent than they are at present.

Now, under the pain of budgetary deficiencies, cities quite frequently decide to match those Federal programs for which funds are already available, rather than develop a rational allocation of their own resources based upon the most pressing needs of the city or region.

We will within the next few years, undoubtedly, spend several billions of Federal assistance money in this area, but probably a very small percentage of that total amount of Federal assistance will be spent on what most observers would indicate are some of the highest priority problems of the area.

If these two aspects of Federal coordination could be achieved, we can then do more in the organization of regional interests, and of the local governments in the region, to handle metropolitan problems. Considerable strides in this direction have been made through the Metropolitan Washington Council of Governments, which Mr. Scheiber represents and which has evolved from what I think could have a few years ago been safely called a "metropolitan marching and chowder society" for local public officials into a very important forum on the regional level for debate of regional matters of considerable consequence, and for the execution of a limited number of urban programs.

The Council of Governments has been greatly assisted in its development through Section 701(g) of the Housing Act of 1965, which made it eligible for Federal assistance, and through the enactment of Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966. It is imperative now for the Council of Governments in reviewing local grant applications under Section 204, to receive strong Federal backing for this particular function.

The future of the Council would also be greatly enhanced, I think, as would the future of the increasing number of similar councils throughout the country, if the Federal Government would tend to favor these organizations in its administration of Section 205 of the Demonstration Cities and Metropolitan Development Act, which provides incentive grants for cooperation among local governments on a metropolitan basis and in meeting specific problems.

Also, for the future, I would argue that it is important that the Council of Governments consolidate authority over other existing

metropolitan programs, such as the Washington Metropolitan Area Transit Authority, which currently operates under an interstate compact commission.

Move toward Political Regionalism

I am hopeful, Madam Chairman, that we are getting away from what I think could best be characterized as the no-think approach to metropolitan problems which is to define a problem and immediately create an ad hoc special purpose district to handle the problem. I believe I can see, in similar things occurring around the country, the end of an era of what might be called service regionalism in which we assume that each problem is distinguishable from every other problem and therefore ought to have a separate governmental structure ultimately responsible to no one, except possibly the bond companies, for its operation. I think we are now approaching a time when we are entering a period of political regionalism when people are beginning to understand the consequence of action on a regional level and are demanding some form of method, some form of controlling the agencies created.

The Council of Governments, it seems to me, provides a most useful mechanism for this kind of popular control through elected officials.

With Section 204 properly employed, and with the possibility of assistance under Section 205, the Council of Governments can become a most important political mechanism for the negotiation among local jurisdictions for the handling of mutual problems. While the Council has yet to make more than tentative steps in this direction, it can do much in the field of housing and community development. It can also effect considerable savings through development of a regional system of fiscal planning, particularly in the field of capital projects.

Significance of New Towns for Social Planning

There are a number of key levers for community development which have yet to be exploited in this area. Among these are the new towns. I understand you heard from Mr. Simon this morning. We have three new towns either well advanced, in the planning stage, or under construction in the Washington metropolitan area already. I think we can anticipate in this southern end of the megalopolis an increasing interest among developers in this kind of development pattern.

The region, however, is yet to have a policy which is directed toward acceleration of new towns as an alternative to suburban sprawl. The city also has a superb opportunity, with the availability of the National Training School site to develop a new town in town as suggested by Dr. Harvey Perloff of Resources for the Future, and to provide a social planning input to affect the physical design features of the new community.

New town development, whether done in the suburbs or in town, offers an opportunity to build communities and not merely housing. There is considerable interest in this approach here. It will demand for its effectuation some substantial changes in Federal policy; in the existing revenue systems of the state, particularly as they relate to the ability to hold land over a period of time prior to its actual development; and in the planning and zoning policies of the individual local governments.

Currently, the revenue systems tend to be too rigid to handle the problems of new town development adequately. The new town, however, provides an excellent opportunity for the developer to provide substantial amounts of desegregated low-income housing close to employment centers by permitting him to offset lower profits in the development of this kind of housing with higher profits in the other land uses allowed him.

The second problem that has existed within this area, and is not common, is an excessive emphasis on zoning as a method of controlling urban development and as a means of providing an adequate supply of housing. Zoning is often done in isolation from the impact that it may have on revenue systems and on other governmental programs. The use of zoning in this area needs to be much tempered, I think, with a greater emphasis on program development and on revenue policy as a means of securing better patterns of development, and of assisting in the redevelopment of blighted areas.

Need More Responsive Revenue, Budget Systems

Finally, for this metropolitan area and for others, there is a need for more responsive and rigorous revenue and budgetary systems. We may hope that many of the limitations which might have heretofore existed in local revenue flexibility will be removed in Maryland by the Constitutional Convention.¹ I might add, however, I am not at all sanguine about that. Similarly, these limitations will be greatly alleviated in Virginia through the work of the State's Commission on Metropolitan Areas in the Commonwealth.

There remains, however, a considerable need to adopt more modern practices in budgeting in all the jurisdictions, and to develop what might be called a community, or a total, budget which should permit a coordinated allocation of both public and private resources to meet critical problems.

In this way, combined public and private revenues going into such an agency as the Housing Development Corporation, which has been designed here in Washington to make use of private funds and add to the supply of low-income housing, might be more adequately figured into the total package of governmental activity.

Budgeting, I am suggesting, should be more strategic in its orienta-

¹ Proposed constitution defeated in 1968 voting.

tion, designed to achieve particular objectives, either by direct governmental action or through the stimulation of private activity.

I would conclude with much the same point on which I began — that some impetus from your Commission could, I believe, encourage the Washington metropolitan area, because of its national visibility, to become, if not a “model” for the Nation in coordinating the many tools of urban development to produce a better and more democratic community, at least to demonstrate the usefulness of a more coordinated Federal interest; a much more sensitive system of intergovernmental financial assistance; a more effective and strengthened regional organization of individual governments; a metropolitan development policy based on development of new communities other than simply an almost laissez-faire approach to housing; and a different emphasis on fiscal and social programs as contrasted with the more static concept of zoning. All these in concert could provide a much more livable and much more socially desirable urban environment.

MRS. SMITH: Thank you very much. As is our usual custom, we will have both speakers finish, and then the Commission may ask questions.

We will next hear from Mr. Walter Scheiber,¹ Executive Director of the Metropolitan Washington Council of Governments. The Council recently was honored by the Department of Housing and Urban Development for its outstanding contribution in the field of intergovernmental relations.

Mr. Scheiber.

STATEMENT BY WALTER A. SCHEIBER

MR. SCHEIBER: Senator Douglas, Mrs. Smith, and members of the Commission: I am most grateful for the opportunity to appear before you to talk with you about some of the governmental institutions which have been developed in the Washington metropolitan area in order to enable us to cope with our pressing regional problems, and to suggest their possible relevance for other metropolitan areas throughout the United States.

Development of Councils of Governments

The Metropolitan Washington Council of Governments, as Dr. Hanson suggests, is a voluntary region-wide organization consisting of the District of Columbia and the 14 other major cities and counties

¹ Experienced in fields of law, business, and local government. Practicing attorney, New York State 1947-54. City Manager, Grove City, Pennsylvania, and Rockville, Maryland, 1954-64. Executive vice-president, Danac Real Estate Investment Corporation, industrial development firm, 1964-66. Director, Washington COG since January 1966.

of the national capital region comprising both the Maryland and the Virginia suburbs. Its voting membership consists of the officials who constitute the governing bodies of these 15 local governments, as well as the state legislators and members of the United States Congress who represent this area. Through its 15 participating governments, it is responsible to the 2½ million people who reside in metropolitan Washington.

The Council, which recently celebrated its tenth anniversary, is one of approximately 75 such regional councils of local officials which have been created in metropolitan areas, large and small, all over the United States. I will leave with your staff a list of the metropolitan areas in which councils are located, because this may be of interest to you.

These councils have come into being since the early 1950's in response to a number of stimuli. The most significant of these is the growing awareness on the part of local government officials that they no longer can hope to live in isolation from one another and yet cope with such areawide problems as air pollution, water supply and pollution, traffic congestion, and crime, to name but a few. Dr. Hanson mentioned housing, and this, too, probably falls within the category of regional problems.

A second of the factors which has led to the increase in the number of these councils is the clear intent of the National Administration and the Congress, made clear over a period of years going back to 1961, to encourage the local governments within our metropolitan areas to coordinate public facility planning and programming.

A third factor is the support of the council approach by the major national organizations of local government officials, including the National League of Cities, the United States Conference of Mayors, and the National Association of Counties. Primarily as a result of these three factors, the number of voluntary councils of locally elected officials has increased from about a dozen in 1964, when Dr. Hanson made the definitive survey of councils of governments to the present 75, with some 30 more in various stages of organization.

No two councils are completely alike in makeup or in program. But I think ours here in Washington is fairly representative of the more active groups throughout the country. Its interests and its activities range over the entire spectrum of problems which confront our metropolitan areas—from environmental health, through public safety, transportation and land use to problems of the social environment. It also serves as the regional planning agency for metropolitan Washington and it is responsible for the comprehensive long-range transportation planning program which is required in all metropolitan areas as a result of the Federal Aid Highway Act of 1962.

The Council carries on these activities under the supervision of a board of directors which consists of an elected representative of each of its participating local governments, as well as several state legislators, through a permanent staff of some 70 men and women and with an annual budget of approximately \$1.5 million.

Some 30 percent of this total comes from its local governments, 10 percent from state government, and the balance of 60 percent through a variety of Federal grants-in-aid. The Federal agencies which provide financial support to the Council include HUD, HEW and the Bureau of Public Roads with the bulk of it from HUD under a grant made possible by Section 701(g) of the 1965 Housing Act to which Dr. Hanson alluded.

The Council arrives at policy decisions through action by its board of directors or by one of several policy committees composed of local elected officials. These decisions, however, are advisory only, and they are not binding on its participating governments. Although many of them have been unanimously adopted over the years by the local governments, this has been the result of consensus rather than of mandate or coercion.

In this respect, the Council's character differs strikingly from both the so-called metro governments such as in Dade County (Miami), and the special-purpose district or authority which was mentioned by Dr. Hanson and by other witnesses this morning. Both of these types of regional institutions — one directly responsive to the electorate and one relatively independent of it — are vested with compulsory powers through which they are enabled to implement their decisions on policy matters.

Strengths, Weaknesses of COGs

As a voluntary association of governments rather than a government itself, our organization and others like it, must rely on persuasion and on the achievement of consensus as a means of implementing its decisions. This lack of authority is both a strength and a weakness.

On the one hand, it is an assurance to prospective member governments that they will not be coerced into acting against what they may regard as their best interest, and therefore as an incentive to join the council. And this has been one of the factors of its popularity across the country. On the other, however, it often means that councils are unable to act effectively in areas which may be regarded as "controversial" or that, when action is taken, it may be geared to what is conceived to be the lowest common denominator.

On balance, however, the fact that councils are voluntary in character has been a major factor in their growth. This characteristic, plus the ease with which they can be created, their flexibility of form, and the fact that they are built on existing units of local government so they don't put anybody out of work, are probably the primary reasons that we can identify more than one hundred councils of governments in various stages of development across the country, as compared to only four so-called metro governments.

I might mention that the Washington metropolitan area does have one region-wide special-purpose authority which is both interesting and important. The Washington Metropolitan Area Transit Authority

is an agency created by interstate compact among the States of Maryland and Virginia and the District of Columbia for the purpose of planning, building, and operating a rail rapid transit system to serve our region. The Authority has just reached tentative agreement on a 95-mile system which will eventually serve major portions of the Washington metropolitan area, and it is scheduled to begin construction on the first segment of its core system within the District next summer.

The Transit Authority is engaged in a mission which will literally remake the face of this region. In addition, however, it is an extremely interesting organization from a public administrator's viewpoint. Special-function agencies have been criticized over the past few years on a number of grounds. Among these are that they are usually governed by lay boards which are isolated from and unresponsive to the electorate; that they too often become special interest lobbies on behalf of their own activities; and that they tend to foster an unbalanced use of the community's available resources, drawing off funds from other worthy but less well-organized activities.

The Transit Authority was set up in such a way as to avoid as many of these pitfalls as possible. Unlike most interstate compact agencies, representation on the Authority emanates from the local, rather than the state governments of the region. Each major local government appoints representatives to a subregional board from which the members of the Authority are in turn selected. With only two exceptions, the members of the subregional boards and the Authority are members of local governing bodies. This has the effect of making the Authority more directly responsive to the wishes of the community, which I think was illustrated in connection with the decision about the kind of system to be built and the way in which it would be built. In addition it makes it more likely that decisions about the rapid rail system will be made in the context of the community's overall needs, rather than in isolation from them.

These features certainly are desirable and important. But few political scientists and few public administrators would suggest that the creation of a series of special-purpose authorities in our urban areas would provide the answers to our metropolitan dilemma, which this Commission and others are seeking. Nor would many argue seriously that the voluntary council of governments as we now know it is a device which can provide the ultimate solution to our metropolitan problems.

What they would say, I think, is that in the present state of our political affairs, the council of governments is the only institution yet identified which offers significant hope of enabling us to begin to come to grips with our metropolitan problems and which is at the same time politically acceptable to a large enough segment of the community to deserve the interest and support of the Federal and state governments.

They would, I think, point to the fact that councils have for the first time opened up channels of systematic communication between the central city and its suburbs, something desperately needed; to the

improved coordination which councils have brought about in the attack on regional problems; and to the fact that increasingly councils are showing their desire to deal with the tough problems which have brought themselves so forcefully to our attention during the past two years.

Some citizens would argue that this is not enough. And it is true that it is only a beginning. But, we would all agree, it is none too soon to begin.

MRS. SMITH: Thank you very much. Now, if we may start the questioning by the Commission. Our chairman gets the first question: Senator Douglas.

QUESTIONS BY COMMISSION MEMBERS

Federal Grants and Local Priorities

MR. DOUGLAS: *Thank you, Madam Chairman. I would like to ask Mr. Hanson a very specific question. You spoke of the present system of Federal grants-in-aid, overstuffing certain local projects with money and underfinancing other projects. I wonder if you would be specific and mention the purposes which you think are overfinanced and those which you think are underfinanced.*

MR. HANSON: I think, Senator, there probably would be some argument if I indicated that any were overfinanced. I think it gets to a matter of priorities, however, within a given metropolitan area, within a certain amount of money that may be available. In this case, for example, a ready existence of substantial highway funds very often means that in developing its budget, a local government which has only so much in the way of local revenues to distribute among all programs may decide to match those Federal grants which are most generous — either in the total amount or in a matching formula — and to put off until some other time local activity on those programs which are not so generously matched.

MR. DOUGLAS: *What would those be?*

MR. HANSON: Well, one of those which is just generally being recognized in Federal grant programs at all is the general field of law enforcement. There has, until a couple of years ago, been no real Federal program designed to work in this particular area. Now with the Law Enforcement Assistance Act, there is a small amount of money available. There have been some changes in the amounts of money available in education heretofore; but again, it might very well be much better in this city, and in a number of other cities, for the local government subject to a development plan which it had prepared with assistance and technical advice from state and Federal agencies, to be able to re-allocate the money that would be available to it under

specific grant programs to other projects of more pressing priority in that community.

I think the fallacy of the present Federal grant structure is it tends to assume a uniform list of priorities across the country, rather than recognize the differing priorities that each city is likely to have.

MR. DOUGLAS: *A very cogent statement. Now, as we all know, there is great rivalry between the automobiles and a mass transit system. Automobile forces want freeways. The others want mass transportation, either in the form of a trolley system which we once had and then abandoned, or buses. Do I understand that this transit authority [the Washington Metropolitan Area Transit Authority] has power to determine these two alternatives?*

MR. HANSON: No, the Transit Authority does not have the power to determine between the two alternatives. There were some, including the former director of the predecessor agency of the Transit Authority — then known as the National Capital Transportation Agency — who felt that the initial law establishing the transportation agency did give the power to plan and coordinate the planning for overall transportation facilities. But it has been determined, as least in fact if not in law, that that power did not exist.

MR. DOUGLAS: *Is there any central power to determine between these two, or can we have both a local system of freeways designed primarily for automobiles or a public transit system? Or is the freeway system capable of being adapted to mass transportation, either through buses or use of the center strip between the roadways?*

MR. HANSON: I think there is much that can be done in adaptation of both present roadways and newly built roadways. What is needed here is a coordination of the transit planning which is being done, as well as the construction by the Metropolitan Area Transit Authority and the highway and other transportation planning. This now is being done on a regional basis by the Council of Governments, which has consolidated within its general structure a special agency for the coordination of highway planning established under the 62 amendments to the Federal Aid Highway Act.

I think one of the great accomplishments of the Council of Governments has been at least to relate comprehensive regional land-use planning and comprehensive regional transportation planning. But transit is still outside the veil, and I think this is not as it should be.

MR. DOUGLAS: *Well, planning is one thing and execution is something else. Let me ask you, is there any central authority over the construction of freeways?*

MR. HANSON: No. The construction of freeways is generally done through agreement, but the separate highway agencies of the Commonwealth of Virginia and the State of Maryland and the District of Columbia are the construction agencies.

MR. DOUGLAS: *Suppose the highway authority wants to run through the Negro districts of the District of Columbia as is commonly believed that it does, and this will involve the demolition of several*

thousand homes of Negroes and their relocation. Who has the power to pass on this?

MR. HANSON: This would be decided ultimately, first, by the National Capital Planning Commission, approving the plan, and secondly by the District of Columbia government, approving the program and the execution of that program.

MR. DOUGLAS: *Would they be able to check the national highway authority of the Department of Transportation?*

MR. HANSON: Yes. They can do it by declining to match the money that is available.

MR. DOUGLAS: *Let us say their 10 percent share?*

MR. HANSON: That is correct. This involves, of course, some considerable problems. And while the D.C. highway department, I think, has shown a more enlightened attitude on this matter in recent years than heretofore, there are still very severe problems of dislocation and relocation which the city does not have the adequate machinery or finances to meet.

MR. DOUGLAS: *That we all know. It was originally planned to run one of the mass highways into the city through the Cleveland Park area, which was checked by the very well-to-do residents of that area, and I am glad they did check it, but that deflected plans over into the Negro area.*

MR. HANSON: That is correct.

MR. DOUGLAS: *Have those plans been approved?*

MR. HANSON: Those plans have yet to be — I think the bureaucratic word is "finalized."

MR. DOUGLAS: *Many of us are interested in a little park which would be cut through by the approach to the Three Sisters Bridge, and this is believed to be a finger pointing directly into the core.*

MR. HANSON: I know the park well. I used to live adjacent to it.

MR. DOUGLAS: *Now is there any force that would prevent the construction of the Three Sisters Bridge and running of this highway up through the park?*

MR. HANSON: The National Capital Planning Commission, by not yet approving it, has thus far prevented its construction. It is now under study by the Department of Transportation, which, in giving a negative report, probably can practically kill it.

Open Occupancy across Local Boundaries

MR. DOUGLAS: *Let me register my protest of attempts to destroy that park. One other question, if I may: One of the big problems, of course, between cities and suburbs is the question of open occupancy.*

MR. HANSON: Yes.

MR. DOUGLAS: *Of freedom of residence. The cities generally provide for freedom of residence; the suburbs generally do not. The Mayor of Milwaukee has taken the position, and I think there is a good deal of cogency in what he says, that it is difficult for a city to*

pass an open housing ordinance if the suburbs do not, because it tends to cause a great many white residents to move into the suburbs for protection. But if the suburbs will do it, the Mayor says — and I think he is sincere in this — it will then be possible for Milwaukee to do it.

Out in Montgomery County, of which you are a distinguished citizen, they have adopted a so-called open housing ordinance.

MR. HANSON: That is correct.

MR. DOUGLAS: *Would you briefly tell us what that is?*

MR. HANSON: Yes. This is a rather comprehensive ordinance. It goes beyond the Maryland State law, which covers basically only new housing constructed after June 1, I believe, of next year as a convenience to some members of the Legislature.

The Montgomery County ordinance covers all real estate transactions, including the sale of individual homes, unless the owner gives specific instructions that he does not wish to sell on a desegregated basis.

There is one basic controversial element in it which probably is of very little practical consequence; that is a provision that after the Negro proportion of the population in a community (which is not defined) reaches a certain percentage, then the burden of proof in discrimination lies on the complainant, rather than on the defendant, in an open occupancy case. I say in Montgomery County the likelihood of a practical test of this is not imminent; and if tested, I'm not sure that it would be of any practical value, inasmuch as I don't know how you would define the area in which the quota had been reached — whether it is a block or several blocks or a town or what.

Now, Prince Georges County has also begun to take action in this field, and while no binding action has been taken, I understand that the City Council in Alexandria has also taken at least a voluntary approach to open housing.

I think the problem that exists between central city and suburbs on open housing — particularly in the metropolitan areas that cross state lines, such as this one does — indicates very strongly the need and the utility of national open housing legislation. I think beyond that, however, we should not be deluded into believing that the enactment of open housing legislation by or in the suburbs will make it possible for us to meet the immensely severe problem of desegregation of the housing market. I think it goes far beyond legal restraints into many practical restraints, particularly in the information systems that are available and in the financing systems that are available for low-income housing.

Our Center is currently in the process of attempting to develop a strategy for meeting the low-income desegregation problem as a joint problem in the area. I am not sure where we will come out. I am hopeful that we can conclude that it is soluble.

MR. DOUGLAS: *Thank you very much.*

MR. DEGROVE: *Mr. Scheiber, you presented in a very articulate and effective way the classic and still up-to-date rationale for councils of*

governments. You certainly gave us some dramatic evidences of their growth and, I think, accurately described why they are growing.

I have a great deal of skepticism about the utility of councils of governments, even on the premise that they are better than nothing. Let me make a comment and ask you to respond: What about the notion that the establishment of councils of governments literally helps solidify the status quo in terms of the governmental units in metropolitan areas, and really take much of the fire and spur out of the efforts to produce more comprehensive solutions to intergovernmental coordination? Do they reduce things to an old sin the infidel used to be accused of — attempting to prevent anything really meaningful being done.

MR. SCHEIBER: Well, just as I have given the classical rationale for councils of governments you have given the classic objection.

MR. DEGROVE: *That's exactly right.*

COGs as Metropolitan Mechanisms

MR. SCHEIBER: I think my response, if one is called for, is that the record to date indicates that where it is possible to achieve more than a council of governments, this has been achieved. This has been the case in Dade County; it has been the case in Davidson County — Nashville; it has been the case recently in Jacksonville, Florida. But it was not the case in Minneapolis-St. Paul this last winter when an attempt was made to create a metropolitan government, and what ultimately emerged from the Minnesota State Legislature was very much like a council of governments.

I tend to think that communities being what they are and human nature being what it is, people who are interested in developing a metropolitan mechanism will, in fact, develop the one which is as effective as they can make it. And if there is a council of governments, it is because this is as far as the people of the community are willing to go. I think the fact that we have 75 councils is a very, very encouraging thing. I do not share your apprehension that councils will be used to block progress. Among other things, I think that neither the states nor the Federal Government are going to tolerate the long continued existence of councils which fail to act.

Councils, as I said, do take advantage of the Federal largess and when Federal money comes, there is a Federal interest in seeing progress. It has been the case in our area, and I am sure it has been the case in many others.

I would like, with your permission, to supplement Dr. Hanson's comments on a couple of scores relating to questions by Senator Douglas.

One is, that there may be a prototype law on the books enacted last year by the Congress, called the Comprehensive Health Planning and Public Health Services Amendments of 1966. In that law, which really is a landmark piece of legislation, Congress provided that whereas in

the past all the various health programs of the Department of Health, Education, and Welfare were administered on a piecemeal program-by-program basis, each requiring its own plan. Beginning this past July 1, state planning agencies are encouraged to create the sort of bank of which Dr. Hanson spoke with respect to health programs. They are permitted to come up with a comprehensive state health plan — in fact, encouraged to do so — which they feel makes the best use of available resources; and the Department of Health, Education, and Welfare is empowered within certain constraints to make grants not in isolation from each other, but on the basis of what the state and the community think are their best interests. I think this might be a piece of legislation which should be looked at by your Commission as a possible prototype of other kinds of legislation.

Second — and this is a very brief comment concerning transit and highway planning — our organization does both long-range highway and transit planning, and we are required to develop comprehensive transportation plans for the national capital region. When this plan is completed, projects which are consistent with it will be eligible for continued funding from the Department of Transportation. Projects which are not consistent with it are likely to run into difficulties.

However, in the final analysis, the states and the District of Columbia, which for these purposes is considered a state, will have a veto over projects simply because if they do not approve the proposed plan and do not put up the local matching share — whether this is for transit or highways — a system will not be built.

MR. DEGROVE: *Mrs. Smith, part of that time belonged to Senator Douglas, so may I have another question?*

MRS. SMITH: Yes, you may.

MR. DEGROVE: *I really am genuinely interested in the council of governments. The one being cranked up in Southern California was explained to me in some detail by David Baker of our Commission. And when we were in San Francisco this summer we heard about ABAG [Association of Bay Area Governments] and, of course, looked at it. One problem, it seems to me, that is very fascinating is that councils of governments protect the sovereignty of the participating governmental unit. As you pointed out, that is why they are popular and why most governmental units join them. Now, you practice one-man one-votism in terms of governmental units — not people, typically. Is that correct?*

MR. HANSON: That is correct.

MR. DEGROVE: *Thank you.*

MR. SCHEIBER: Typically, it is correct, but it is not the case with the Metropolitan Washington Council of Governments.

MR. DEGROVE: *They do make a concession in Southern California. They give Los Angeles City three votes.*

MR. SCHEIBER: As a matter of fact, we amended our bylaws — and I suspect more and more councils will be doing the same thing — to provide that votes by our membership are literally on the basis of one-man one-vote; so that whereas prior to this amendment, the District of

Columbia, for example, had perhaps 2 percent of the total vote in our general assembly, as of this past March it now has approximately 32 percent — which conforms to its proportion of our region's population.

MR. DEGROVE: *This perhaps answers the question I had. You see, ABAG went to the California Legislature to seek some operational authority. If they had gotten all of the things they were talking about when our Commission was there in July, they would have a limited-purpose metropolitan government for an 11-county metropolitan area with X number of municipalities. They did get a water pollution and Bay shore conservation bill, I believe. If councils of governments in fact evolve in this direction and acquire functional authority on a multipurpose basis, then, it seems to me, some very fundamental questions are raised about the representative system if they do not also adjust from one vote per governmental unit to something more like the system realized here in the Washington area. Professor Hanson, perhaps you know more about this than I do. I am not making any attack at this point. I am just raising what I think is an interesting problem.*

MR. HANSON: I think this is both a most interesting and important problem in the evolution of councils of governments. I would first say one of the most hopeful aspects of the councils is what appears to be — at least among a number of them — the capacity to evolve, from sort of defensive leagues of municipalities and counties against activity by the state or anybody else that might get them to do something, into institutions which begin to have a vested interest in the prerequisites of local governments when it comes to handling regional problems.

I think one of the most satisfactory developments under Section 701 is that to get 701 funds, they have to have staffs. And once staffs have been established, the natural acquisitive instincts of the bureaucrat and the defensive apparatus of politicians attached to him begin to come into play, and as new programs or ideas are thought up for the metropolitan area, the council of governments wants to get its hooks on them instead of letting somebody else get them. In fact, this is what happened, I think, in the San Francisco area. Local officials began to see that their power was actually diminished, not by letting the council of which they were members take action, but by letting special-purpose authorities of which they were *not* members undertake the programs.

So for the short term I would argue that our choice is not between councils of governments and general regional governments, which I also tend to look favorably towards, but rather between councils of governments and ad hoc approaches through special districts. In metropolitan problems, given those choices, the council of governments is much more attractive.

Now, in this process of evolution, I think we find the most satisfactory aspect of the council. I am not all sanguine about them. Some of the councils exist in form now under the impetus of Section 204, simply as a façade for the purpose of channeling Federal grant money

to the same places that it has always gone, without any conceivable change in the transfer. But I think as they develop, this also will begin to change.

MR. DEGROVE: *Thank you.*

MRS. SMITH: Mr. Ehrenkrantz.

MR. EHRENKRANTZ: *I think I will pass.*

MRS. SMITH: Mr. Johnson?

COG Work toward Model Codes

MR. JOHNSON: *Thank you, Madam Chairman. I would like to ask Mr. Scheiber if the Washington Metropolitan Council of Governments is doing anything about some of the practical matters of creating uniformity in building codes and development standards, and possibly even taxation policies?*

MR. SCHEIBER: We are, Mr. Johnson, with respect to the first matters you mentioned — not yet with respect to taxation problems. We have a tradition of developing model codes of various types. We have been the leader in air pollution control, for example, and have developed a model code which has been adopted by the State of Maryland and which may well become the standard for this area. We are in the process of developing a model building code which will probably be regional refinement of the BOCA and several other codes.

We have just completed the draft of a model subdivision ordinance, and we are in the process of drafting a sedimentation control ordinance which probably will be among the first in the Nation. These are being done with the full support of our membership, and we anticipate that we will have a pretty substantial percentage of adoption.

Some of the other areas, such as the area of social problems are the tough ones. The area of physical development is among the easier ones. I would say in the area of physical development, we have a pretty good record, whereas in the area of social problems we are just getting started.

MR. JOHNSON: *I thank you very much. I think the Commission would be very interested in what you are proposing in terms of area-wide standards for development.*

MR. SCHEIBER: I will be happy to make copies available to members of the Commission staff.

MRS. SMITH: Mr. Woodbury?

Pooling of Federal Grants

MR. WOODBURY: *Mr. Hanson, I wish you would tell me whether I have the correct understanding of your proposal for pooling. This would mean that a city could go to the state or Federal Government and get contracts or grants for housing, hospitals, renewal — whatever — dump them in to a pool, and then decide how much it was going*

to use for housing, renewal, or hospitals, air pollution, or whatever? Is that correct?

MR. HANSON: This is basically correct, but not after the fact. This would be based upon a comprehensive development plan which would be developed, I would assume, with the assistance of the Federal agencies and approved through some appropriate clearing mechanism at the Federal level, so that in general, the standards and objectives of Federal programs could be met to the extent possible under the approved plan.

MR. WOODBURY: *But still there could be a difference between the amount of funds used, let us say, for public housing in actual fact, against the amount of funds made available for their purpose?*

MR. HANSON: That is correct.

MR. WOODBURY: *Do you think this really has much chance in the Congress of the United States?*

MR. HANSON: My guess would be that in this Congress, the chances would not be high. I think, however, that we have an important problem of educating our future congresses about the financial and organizational consequences of the existing pattern of grant programs. I had a conversation with an official in charge of our grant programs not too long ago who told me that he didn't think that the Federal Government should attempt to influence the organizational structure of local government, to which I responded that he was about forty years too late in thinking about this, because the way the grant programs are structured does really directly affect the organizational system.

MR. WOODBURY: *Of course it does. Would you care to comment on what seemed to you the relative merits of your development bank proposal, and expansion of the rationale of the Model Cities Program?*

MR. HANSON: I think it could be conceived of as an extension of the Demonstration Cities approach. It would be more in terms of city-wide programs, rather than the use of a particular area — normally about 10 percent of the population of a city involved in such a program.

I think that our very difficult problems in developing a good Demonstration Cities proposal may arise because of the tendency toward geographical and jurisdictional isolation in the use of money, which might very well need to be spread on a much broader basis.

MR. WOODBURY: *But the Demonstration Cities program, as a percentage grant, is essentially a block grant, isn't it?*

MR. HANSON: That is correct.

MR. WOODBURY: *And if this could be applied to anywhere within the jurisdiction of a city, rather than being limited to some designated slum area, that is what you propose?*

MR. HANSON: That's right.

MR. WOODBURY: *It would seem to me that despite the difficulties the Demonstration Cities idea has had in the Congress — to date, very substantial — it might be more of a wedge for the general grant block principle than what you have in mind.*

MR. HANSON: It seems to be.

Widening of COG Interests

MR. WOODBURY: *Mr. Scheiber, you spoke about the Washington Council coming to grips with the more difficult problems as it went along, taking you out of the category of a philosophical or marching and chowder society. Without doubting your judgment about that at all, could you give us some illustrations, say, of the kinds of subjects that were taken up by your Council, let us say from 1957 to '59 — the first years — as against the kind of things you discussed in the last two, and indicate the nature of the action that was taken?*

MR. SCHEIBER: I was not associated with the Council during its early years.

MR. WOODBURY: *I forgot about that.*

MR. SCHEIBER: But I know by reading the history books that the discussions were confined largely to matters of the physical environment, in which there could be substantial agreement, and to matters of public safety, on which there could also be a general consensus. There were several achievements in this area. One of the accomplishments of the Council in its early years, when it was quite a fragile reed, was to achieve a consensus with respect to the Dulles [Airport] interceptor sewer, a large regional facility which, as a result of the Council's efforts, was opened up to local government, thus avoiding the need for sewage treatment plants along the river. This single act, which perhaps was the Council's most significant act during the earlier years, had a lot to do with the fact that the pollution of the river has been reversed and its condition is beginning to improve. We now have what is called a non-effluent policy with respect to the Potomac River above the Little Falls water intake.

In the past couple of years our interests have ranged much more broadly. We have not neglected the problems of physical environment. We are still very much concerned with the river — which is our major natural resource — with transportation matters, with air pollution, and similar problems.

We also are getting into the sphere of the economics of the region. In addition, however, and specifically within the last couple of years, we are moving into what I have called the tough areas in a number of ways. In the field of jobs, which is a crucial one in every urban area, we are one of the co-sponsors and primary supports of the area's Job Council, whose objective is to identify jobs throughout the metropolitan area, to identify those in the suburbs which can be filled by persons of given skills now in the central city, to improve the skills of those people and upgrade them, and generally to look at the job market from a metropolitan, rather than a local viewpoint.

We are also about to embark on a job-training program in local government with Dr. Hanson's institution. We are just getting to work on a comprehensive vocational rehabilitation plan which involves the development of facilities and programs for people with physical handicaps, people who are ex-convicts, people who are underemployed by virtue of training, even people who have been alcoholics. This will

be relatively comprehensive, and it will deal with the metropolitan area as a whole.

We are in the process of completing a metropolitan housing study, which will be the first of its kind and which will identify the condition of the housing market generally, and presumably will point to some of the deficiencies and some of the difficulties which we face on a metropolitan basis. These are some of the problems with which we are dealing in a specific fashion.

MR. WOODBURY: *Thank you.*

MRS. SMITH: Mr. Black?

MR. BLACK: *I would like to ask Mr. Scheiber a question. Assuming, as John DeGrove and I do, both being from Florida — I want to stay in good with the Miami Herald — assuming that the metropolitan or the metro system is a summa bona, let's say, or the ideal, what are the practical alternatives to councils in multistate places, a metro district like you have here?*

MR. SCHEIBER: I think Dr. Hanson has indicated that the only realistic alternative is in a series of single-function authorities, each carrying on its activities in a somewhat anarchic fashion. Both Dr. Hanson and I feel that realistically, from the point of view of good common sense and good political science, there is no effective alternative in multistate areas to the council of governments at this time.

MR. BLACK: *You don't feel that as a practical matter you could have a Metro Dade County kind of thing because of the multistate nature of the metro district?*

MR. HANSON: I think it is extremely dubious. We are making progress in both Virginia and Maryland in improving our regional systems. We have before us now at the Maryland Constitutional Convention a proposal which I am optimistic will be adopted by the Convention, which would permit the formation of representative regional governments within the State of Maryland. I think that the Virginia Commission on Metropolitan Areas is going to come out with some very strong recommendations leading toward better regional systems. But to combine the Virginia regional system, the Maryland regional system, and the District of Columbia — at least for the short term — probably presents almost insurmountable problems, unless we work through an evolutionary approach in the Council of Governments. And as the Council takes on additional functions — as it is now getting into the field of solid waste management and as it gets into the field of air pollution management — I think the common sense of it will lead toward a consolidation of these agencies into a single political umbrella. This is the way in which I would see it evolving, rather than a de novo exercise in logic.

MR. BLACK: *Mr. Scheiber, in reference to this Council, would you say it gives advice only? Do I understand that is right?*

MR. SCHEIBER: The Council is in essence a forum in which differences can be explored, a means of achieving consensus among local governments, a spokesman for the local governments, and also the regional

planning agency for this area. This last has significance because recent Federal statutes have vested in regional planning groups — whether they are councils of governments or not — the responsibility for advising the Federal Government as to the efficacy of grant applications in some 36 Federal grant programs; in a good many instances, unless you get an affirmative advice from the council, you are going to have a tough time getting grants. One example that comes to mind is the open space program in the Department of Housing and Urban Development. At the present time there is \$1 available for each \$6 worth of applications. In situations like this, the Council, as the regional planning entity, will have a significant influence on the way the region develops.

MR. BLACK: *I notice you keep using the word consensus. Do you take votes at these meetings that you have?*

MR. SCHEIBER: Yes, we do.

MR. BLACK: *Do you ever have splits between the various localities? How many people do you have from Alexandria, for example?*

MR. SCHEIBER: We do have splits. Alexandria has one representative on our board of directors.

MR. BLACK: *What about the District of Columbia? I believe you said now they have 32 percent?*

MR. SCHEIBER: Yes, in our membership, they do. We may explore with the District of Columbia — since it has a new government — what its representation will be in terms of its City Council. Under the commissioner system, one of the members of the board of commissioners sat on our board of directors. With respect to split votes, we had a split vote on the Three Sisters Bridge, to which the Senator alluded, and we do take positions, despite the fact that one of our governments or more may be somewhat unhappy with the results.

MR. BLACK: *Do you have any kind of a consensus that the majority rules? For example, if the representative of Alexandria should lose, does he sometimes go back and recommend to his government in Alexandria that they adopt your position?*

MR. SCHEIBER: That's a tough one. Normally, the spokesman for a given local government is presenting a position which is fairly well defined insofar as his city or county is concerned. I would say that we have not frequently been able to persuade people who came to meetings with a predisposition, one way or another, that they should change their minds.

MR. BLACK: *Thank you sir.*

MRS. SMITH: Mr. Feinberg?

MR. FEINBERG: *Most of the questions I contemplated have already been propounded by my fellow members of the Commission. However, there is one thing that intrigues me somewhat. That is the course the Council of Governments is taking in respect to — and I know this is some time along in the future, probably — the area of zoning, and the physical development, and to the taxation aspects of the respective communities. Do you contemplate that you will eventually reach the ultimates in that?*

Potential of COGs in Capital Budgeting

MR. HANSON: Mr. Scheiber is pointing at me. I won't speculate on why. I think it will be extremely difficult in the foreseeable future for the Council to get into the field of zoning. On the other hand, I think if the Council does get into the field that I think is open to it — capital improvements budgeting and coordination of capital improvements budgeting — it may have a far more profound impact on the ultimate development of the region than it will if it deals with zoning. As I suggested in my initial remarks, I think we have relied far too heavily, in this area as in many, on zoning as the device for controlling development. I recently served as Chairman of the Subcommittee on Plan Implementation in Montgomery County. And we came to the conclusion there that we should use capital improvements programming; we should use social programming; we should use our revenue and fiscal policy as a means of giving incentives to and encouraging private developers who, after all, are going to build the greater percentage of the houses that are constructed in this area, to build in certain areas, rather than to attempt to use zoning as a device to prevent unsatisfactory building in other areas. So I think that the Council probably will not, and perhaps should not, get into the field of zoning within local areas — with the possible exception of areas of great regional importance, such as the Palisades of the Potomac on the Maryland and Virginia shores and certain conservation areas and open space areas that must be preserved, which also can probably be better preserved by the reservation of development rights or purchase in fee simple than by zoning.

Its impact on development will have to take action through positive rather than negative means such as zoning.

MR. FEINBERG: *In the field of education, is there any prospect, any probability or possibility — by virtue of the fact that you are a multi-state Council of Governments, as I understand — of coming to some common denominator as far as educational systems is concerned, to avoid duplication, from an economic standpoint?*

MR. SCHEIBER: I would say that it is unlikely in the foreseeable future that our Council would be able to come to grips with this kind of a problem. But there are a number of new councils in existence, one of which is in Detroit and one of which is Mayor Vandergriff's council in the Dallas-Fort Worth area, which are dealing with educational problems. While they are not in multistate areas, they are in multi-jurisdictional areas insofar as the core cities and the counties are concerned and they may well be able to deal with problems of education in a relatively effective fashion.

MR. FEINBERG: *Thank you very much.*

MRS. SMITH: I would like myself to thank you very much for giving up your afternoon. You have both been very helpful and I would like our chairman to thank you all.

MR. DOUGLAS: Yes, I would like to reinforce that, if I may. We are most grateful.

PUBLIC WITNESS

MRS. SMITH: Now if anyone else wishes to testify, please come forward. I have only one name held over from this morning — Mr. Hollander — but I haven't see him. Oh, is he here? Mr. Hollander.

MR. DEGROVE: *While Mr. Hollander is coming forward, I have to say that I would have to disassociate myself in part from Hugo's remarks about Metropolitan Dade County, because I think it has some very serious deficiencies.*

Mr. Hollander: Maintaining Integration

MR. HOLLANDER: Madam Chairman, members of the Commission: I am Edward S. Hollander, the Executive Director of Neighbors, Inc., and I am here today representing Neighbors, Inc.

Neighbors, Inc. is a nonprofit, civic association serving the residents of upper northwest Washington, east of Rock Creek Park. The Neighbors' area is bounded by Ingraham Street, N.W., on the south, Rock Creek Park on the west, the D.C.-Maryland boundary on the north, and the B&O Railroad tracks on the east. The four neighborhoods in this area are Brightwood, Manor Park, Takoma (D.C.) and Shepherd Park. The area is composed of 250 blocks, with about 40,000 residents. The purpose of Neighbors, Inc. is to maintain these neighborhoods as attractive and integrated residential areas.

The events which brought Neighbors into existence in 1958 are, I believe, a familiar story to all of you. A pleasant, residential community, all white, of medium-age homes faced its first Negro residents. The traditional pattern in such a situation is that the whites succumb to their prejudices, sometimes under the guise of economic fears; they panic, sell their homes and flee the area — usually to the suburbs. The real estate industry usually aids the process by showing its worst side; whites are offered low prices, "quick sale, all cash," for their homes. Block-busting and other reprehensible tactics are also used. Neighborhoods are rarely prepared for such a situation; a form of social chaos develops, and virtually overnight the area changes from all-white to all-Negro.

The residents of the Neighbors, Inc., area were not prepared for this situation, but neither were they willing to allow it to happen. A significant number of whites were courageous and idealistic enough — and also sensible enough — to desire an integrated area. And they had faith in the simple logic that if many of the whites refused to panic and flee, the area would not become an all-Negro one, and, in fact, could be integrated. They formed Neighbors, Inc. and began to convince their neighbors — an effort which was not always successful, with confrontations not always pleasant. They also started a campaign against the unscrupulous real estate practices and were successful in putting a stop to them.

Today, nearly 10 years later, the Neighbors, Inc. area is a pleasant, integrated neighborhood. I should not give the impression that we have been completely successful; we haven't been. However, I think far more has been accomplished than many thought possible 10 years ago. Still, we face a number of problems today.

That the area will continue to be an integrated one is decidedly uncertain. The degree of integration in the schools and the quality of education are not nearly what we would like to achieve, although we believe both are better than in most parts of the city. And we have a full measure of the problems shared by all of the major metropolitan centers, such as inadequate city services, inadequate recreation facilities and youth opportunities, plus juvenile delinquency, poor property maintenance, zoning enforcement, and so forth. Our members, grouped into various committees, are actively working on all these problems.

Our major, ongoing problem is maintaining the area as a integrated one. To do that, obviously, requires that we have significant numbers of both races. Unfortunately, the real estate industry appears to have written the area off as "for Negroes" — and whites are rarely shown homes here.

In fact, on several occasions when white families have asked to see houses in this area, the real estate salesmen have used tactics so discouraging that one would expect Stokely Carmichael wanted a house next to the Governor of Mississippi. We have had reported to us acutal instances of whites being told "Oh, you don't want to live *there*." Another time a salesman grudgingly drove a white housewife to a home in our area but refused to get out of the car with her, suggesting, "If you go and knock on the door maybe you can find out the price."

We have been forced, then, to attract whites to the area ourselves. We do this by a variety of methods — our annual Art and Book Festival, a winter Arts and Crafts sale, and our House and Garden Tour, the most recent one held just two weeks ago. We also advertise the area in various publications and operate a free Housing Information Service to provide information, particularly to white homeseekers, about available housing in the area.

Many of the so-called "natural forces" of the real estate and housing industries are really quite unnatural forces, affected strongly by racial fears and prejudices. They work very forcefully against the survival of integrated neighborhoods.

If our society's answer to the squalor of the slums is for Negroes and other minority groups to have equal but separate, housing, with the segregated schools that go along with it, then Neighbors, Inc.'s activities and purposes are irrelevant. But I believe that to have a healthy and a just society, we must have an integrated society. And I believe that to achieve this goal, programs and planning which are affirmatively color conscious are required by all levels of government. Neighbors, Inc., does not support quotas or totally artificial integration, but as a society we must begin to encourage and allow truly integrated neighborhoods to survive and develop. We cannot properly

deal with our "heritage" of urban decay and racial discrimination, caused in part by centuries of negatively color conscious policies, by merely adopting color blind policies now.

I believe there is increasing concern for having integrated neighborhoods. Just yesterday we received an inquiry from a newly formed group in St. Louis which is attempting exactly the same goals as Neighbors. And this morning's paper (*The Washington Post*, October 28, 1967, page B 1) carries a story of a Negro man in Takoma Park, Maryland, who is starting a campaign to keep that neighborhood from becoming all-Negro. As Neighbors, Inc., and the other stabilization groups around the country have done and will continue to do, both of these new groups are going to be working against tremendous odds in their efforts to create and maintain integrated neighborhoods.

We appreciate this opportunity to present our views to you and we earnestly look for your report to assist us — and the many other similar groups — in our purposes. Thank you.

Mrs. SMITH: Thank you very much, Mr. Hollander. I think unless any member of the Commission has something to say, and we have no one else who wishes to be heard. We will call Saturday finished and thank all of you for coming.

(Conclusion of hearings.)

HUD Response to Hearings

Letter from Secretary Robert C. Weaver

July 2, 1968

HONORABLE PAUL H. DOUGLAS
Chairman, National Commission
on Urban Problems

DEAR MR. DOUGLAS:

Following the extensive hearings conducted by the Commission in 1967, you invited comments from the Department concerning testimony on Federal housing and urban development programs and policies.

So numerous were the references to Federal programs and policies in the five-volume hearing transcript that it is not practical to comment in detail on every reference. We have chosen instead, in the enclosed comments, to summarize a number of actions taken by the Department in the last year which touch upon matters raised in the hearings.

As you know, many of the important new programs or changes in existing programs that would be authorized by the pending Housing and Urban Development Act of 1968 are addressed to issues raised at your hearings. However, in view of your Commission's familiarity with these pending legislative programs, we will not attempt to review them in our comments.

We appreciate the opportunity to present this information, and look forward with great interest to your final report.

Sincerely yours,

ROBERT C. WEAVER
*The Secretary of Housing
and Urban Development*

ACTIONS TAKEN BY THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT RELATING TO TESTIMONY AT HEARINGS CONDUCTED BY NATIONAL COMMISSION ON URBAN PROBLEMS

A. Federal Housing Administration

1. *Increased Volume of Insurance in Inner City.*

FHA has taken several positive steps in recent years to stimulate the increased use of its programs in inner city areas. The first of these was Commissioner Letter No. 38, dated November 8, 1964, directing insuring office directors that certain areas should not be excluded from FHA mortgage insurance merely because they are old and located in the central part of the city. It also directed that FHA must stimulate and assist residential rehabilitation and financing of property transfers in all neighborhoods. In November 1966, new legislation added Section 203(1) to the National Housing Act eliminating economic soundness as a requirement for mortgage insurance under Section 203(b) in areas which had experienced or were threatened by rioting and other civil disorder. This was initially implemented by Commissioner Letter 66-22 dated November 9, 1966.

The intentions of these two earlier directives were given stronger emphasis and broader interpretation in Commissioner Letter 63 of July 31, 1967. This letter also established reporting requirements, for the first time, of FHA mortgage insurance activities in inner city areas. While we do not have before and after measures of inner city activity we have good reason to believe 41,000 commitments issued for inner city areas during the roughly nine months reporting period ending May 1968 represent a very substantial increase in such activity as a direct result of these positive efforts.

Several problems outside our full control continue to affect the availability of FHA mortgage insurance in these areas. One is the refusal of hazard insurance companies to insure properties in these areas or their willingness to do so only at prohibitive rates. Another aspect of this problem has been the sometimes arbitrary cancellation of hazard insurance in such areas as a result of increasing risks. FHA has partly met this problem by changing regulations to permit mortgage conveyance of fire-damaged property when it was affected by such arbitrary cancellations. A second problem has been a reluctance of lenders to make loans in these neighborhoods, partly in the belief that servicing expense would be excessive. Some lenders compensate for this increased expense and added risk by charging high discounts at the time of sale. Discounts of course must be absorbed by the seller, and are a deterrent to property sale.

2. *Speedup in Multifamily Processing.*

In September of 1966 FHA initiated a major study of its approach to multifamily project processing. The object of this study was both to reduce processing time and to reduce the failure rate on multifamily mortgages. At this time, the average processing time for multifam-

ily projects was 18 months to obtain an FHA commitment. Of the 18 months, 11 were required by FHA, and 7 by the sponsor. About one-third of the FHA time was being consumed in regional and headquarters reviews and approvals. Nine insuring officers in major U. S. cities were selected for experimentation with a variety of techniques to meet the objectives of the study. By February of 1967, new projects were being processed under Accelerated Multifamily Processing (AMP) procedures. The approach involves complete overhaul of previous procedures; shifts in responsibilities between the FHA, the sponsor and the sponsor's architect; and strict timing control of the FHA decision process.

By early April of 1968, 71 insuring offices had been instructed in AMP procedures. Recent reports indicate an average processing time under AMP of approximately 5½ months, including both FHA and sponsor time.

3. *Housing Counselling Program.*

FHA began a housing counselling program on an experimental basis in mid-1967. This program is designed to assist low-income families and individuals, servicemen, veterans, minority group members — anyone having difficulty finding suitable sales or rental housing within their means. FHA interviews those seeking advice on housing to obtain facts bearing on the range of housing they can afford to rent or buy. Credit data, income, debts, and other information on an individual's or family's circumstances are kept confidential by FHA. Needs and preferences as to the type and location of the housing being sought also are considered during the interview. After weighing all factors, FHA makes a recommendation on rental or home price ranges. If the applicant is able to buy or rent standard, private housing, he is referred, after counseling, to real estate brokers, builders, and rental property managers.

The program was first initiated in five local insuring offices. The experiment proved successful, has been extended to a total of 33 insuring offices, and is now being installed in 14 more. Installation in additional offices will follow as need for these services is demonstrated. Over 8,700 families and individuals have been assisted through personal interviews under the service, and 46,000 persons have received answers to housing questions by telephone.

4. *Disposition of Acquired Properties to Displaced Families or Local Housing Authorities.*

Actions to make FHA acquired properties available for the public housing leasing program, and on a priority basis, for relocation of displacees, were taken November 22, 1967, and January 4, 1968, respectively. Details are contained in FHA Property Disposition Letters No. 125 and 129 of those dates.

Letter No. 125 establishes a basis for leasing, to local housing authorities (LHA's), both single-family and multifamily housing units, as determined suitable for this purpose. With respect to leasing of single-family dwellings, and complete multifamily projects, the letter

stresses that sale of the property is to have priority over leasing. With projects, all efforts to sell the property to the LHA are to be exhausted before considering a lease proposal.

Letter No. 129 directs that acquired properties shall be made available for direct sale to displacees prior to any public offering. The definition of displaced persons, for this purpose, includes tenants forced to vacate as a result of government action (e.g., urban renewal, low-rent housing construction, code enforcement) victims of major disaster, and tenants of public housing required to vacate because of over-income status.

Agencies servicing displacees must be notified of pending availability of acquired properties within 15 days of acquisition, or of determination to offer for sale properties previously held off the market. When properties are ready for marketing, the agencies are further notified including details of identification, location, price, and minimum financing terms. Properties are then held off the market for a 10-day period to permit inspection and to receive offers from displacees. If requested, insuring offices are to aid placement agencies or displacees directly, in connection with preparation and submission of purchase offers.

B. Renewal Assistance Administration

1. Renewal Policy Favoring Increase in Low-income Housing Supply.

With the issuance of LPA Letter No. 418 on May 19, 1967, the Renewal Assistance Administration established a priority system for the approval of urban renewal applications. The priorities consist of three urban renewal national goals:

1. The conservation and expansion of the housing supply for low- and moderate-income families;
2. The development of new employment opportunities; and
3. The renewal of areas with critical and urgent needs.

Under these priorities, the majority of applications approved to date have been those which met the first goal of conserving and expanding the supply of housing for low- and moderate-income families. This goal requires that, as a minimum, more than 50 percent of the housing units to be developed on clearance sites approved on the basis that the urban renewal project was within the first priority shall be for low- and moderate-income families and individuals. This administrative requirement is in addition to a legal requirement under Section 105(f) of the Housing Act of 1949, added in 1966, which requires a "substantial number of units . . . of low and moderate cost" in each project with predominantly residential reuse. Also, the provisions of Section 513 of the Housing and Urban Development Act of 1968, as passed by the Senate, would require that the national aggregate of housing units to be developed in predominantly residential reuse projects be for low- and moderate-income families and individuals.

2. *Support for Legislation Providing Supplemental Payment to Homeowners of up to \$5,000 to Acquire Replacement Housing.*

The Department of Housing and Urban Development supports legislation with regard to supplemental payments to homeowners displaced by Federal or federally assisted projects of up to \$5,000 if needed to acquire replacement housing. On May 28, 1968, the Secretary of Housing and Urban Development testified on S. 698, "Intergovernmental Cooperation Act" and related legislation, before the Senate Subcommittee on Intergovernmental Relations of the Government Operations Committee. Addressing himself to the provision in that bill which would provide for such supplemental payments, Secretary Weaver said:

"One of the greatest concerns of the Department has been the very real hardship often suffered by lower income homeowners who are displaced as a result of federally assisted acquisition activities. Frequently, these homeowners, many of whom are elderly or with limited resources, are unable, with the amount that they were paid for their previous home, to buy another home which is of the same approximate size and similarly located with respect to employment, shipping, and transportation. When the value of the home which is taken is inadequate to afford a decent, suitable replacement, the practical consequence of the displacement has been a loss of homeownership. A payment, in such cases, of not to exceed \$5,000 as proposed by the Bureau of the Budget will help fill the gap for many displaced homeowners. We give this proposal our strongest endorsement."

3. *New Fair Price Policy on Negotiation for Acquisition of Property.*

In February 1968, the Department issued directives requiring all local agencies acquiring real estate for HUD-assisted projects to offer each owner initially, and without bargaining, the full price determined by the local agency, with HUD concurrence, to represent fair compensation for the property. This new policy eliminated the practice previously followed in some localities of offering owners initially less than the full price considered to be fair compensation for the property.

The principal objective of the policy is to protect the interests of property owners, especially the unsophisticated or poorly informed who have a limited ability to negotiate with representatives of the local agencies.

The new policy applies uniformly to all HUD-assisted acquisitions of privately owned property where the owner is under any threat of condemnation or compulsion to sell and the property is valued at \$100,000 or less.

4. *Speedup in Processing of Applications.*

Within the past year actions have been taken which will reduce from 495 days to 295 days (a reduction of 40 percent) the time from receipt to approval of applications for urban renewal assistance. Among the steps taken to accomplish this result are establishment of concurrent review of applications by different sections of the Regional Office, and

elimination of Central Office reviews on certain matters. Continuing audits will be conducted to ensure that the anticipated time savings will in fact be realized.

C. Housing Assistance Administration

1. *Focus on Turnkey, Leasing, and Scattered Site Acquisition as Shift Away from Massive Projects.*

New approaches to the provision of low-income housing under the United States Housing Act of 1937 now permit a greater choice in locating public housing in areas other than those with a high-density, impoverished population. The new turnkey approach to acquiring new or rehabilitated housing from private developers or owners under a contract of sale can often locate and provide sites which might not otherwise be available to a local housing authority, thereby enabling the low-income tenants of the authority to live in economically and socially diverse neighborhoods in an environment conducive to upward mobility and higher aspirations. (Prior to the turnkey alternative, a housing authority had to construct housing, utilizing a competitive construction bidder on a site previously discovered and acquired by the authority.) Otherwise unavailable and scattered sites are also brought forward by private enterprise through the HUD leasing program under Section 23 of the U. S. Housing Act, which makes the Federal annual contributions subsidy available to housing authorities so that dwellings may be leased by private owners to the authority for periods of one to five years (renewable) for occupancy by low-income families. Moreover, under the conventional public housing method, HUD encourages the use of sites scattered throughout the city or in areas with a healthy economic and social mix whenever cost and other factors permit. In addition, the HUD emphasis on the provision of public housing through construction and rehabilitation in renewal areas or as a part of a program for neighborhood upgrading often provides a further alternative to massive projects. More varied housing types also result from these several methods.

2. *Tenants' Rights — Increased Interest in Effective Tenant Organizations, Admission Requirements, and Grounds for Eviction.*

On November 14, 1967, the Department announced a program for the upgrading of physical and social conditions in low-rent housing. This program requires not only changes in the physical condition of buildings and grounds but changes in management policies and management-tenant relationships as well. A joint HUD-local housing authority review of local projects and operations is the major tool towards achievement of these goals. This review focuses specifically on the social implications of ongoing policies, practices and attitudes in all phases of management, including tenant councils, admission and eviction policies. Particular attention is directed to admission policies which have been challenged as violative of applicants' rights. The review looks towards assuring admission regulations which are fully compatible with the local housing authority's role and responsibility

as a public body and with the objectives of the low-rent program. Involvement of tenants in matters of importance to them is a primary objective of the modernization program.

Local authorities were advised by Circular on February 7, 1967, that HUD believes it essential that no tenant be given notice to vacate without being told by a duly authorized authority representative, in a private conference or other appropriate manner, the reasons for the eviction and given an opportunity to make such reply or explanation as he may wish. The local authorities are required to maintain a written record of every eviction from federally assisted public housing programs. Such records are to be available for review by HUD representatives.

On March 22, 1968, the Department issued a statement detailing the major social objectives for the low-rent housing program. This calls for an intensive new effort to improve the quality of life for all residents of public housing. The specific goals include:

1. The updating of management policies and practices, including admission policies and conditions of tenancy;
2. Tenant participation in management policies and problems;
3. The improvement and expansion of community services and facilities;
4. Increasing the sensitivity of housing staff at all levels to be more responsive to the needs of tenants.

3. Approval of Unit Costs in Excess of \$20,000.

During the past year and a half, approximately 1,000 budgets have been approved. These related to all stages of development — Development Program, Preliminary Drawings, Construction Contract Award and Final. Sixty-three of these (6.3 percent) provided average total development cost of \$20,000 or more per living unit.

Most of the approvals were for projects of relatively large units, average of all being almost three bedrooms each. Many included four-, five-, and occasionally six-bedroom units with related additional baths, living space, etc.

The projects are located in geographical areas characterized by high labor and material costs. Seven were in Alaska. Forty lie in the northeast section of the Nation — HAA Regions I and II — and of these, 28 were in the metropolitan areas of New York, Boston, Pittsburgh, Philadelphia, Baltimore, and Washington. Another 11 projects were in Region IV, mostly in Chicago, Detroit, St. Paul, Toledo, and Cleveland. The remaining five approved at more than \$20,000 were one each in Tennessee, Florida, Missouri, California, and Hawaii.

Costs of two of the above projects were high because of unavoidable major repairs subsequent to construction but prior to closing of development accounts.

The average cost of low-rent housing has been increasing along with the national increases in labor and material. Also, acceptable sites, both from the point of view of original land cost and normal site improvement cost, are becoming scarce, particularly in the heavily populated areas where a current need for large living units prevails.

4. *Public Housing Tenant and Site Selection Policies.*

a. Tenant Selection

Until July 1967, local housing authorities were permitted wide discretion as to the types of tenant selection and assignment plans to be established in compliance with Title VI of the Civil Rights Act of 1964. Most local authorities adopted freedom-of-choice types of plans which tended to place the entire burden for expressing a choice upon the individual applicants. It was the experience of this Department that, in many instances, dwelling units in projects or portions of projects occupied exclusively by members of one race remained vacant while applicants of another race were waiting to be admitted to housing. Consequently, not only have losses of revenue occurred, but applicants needing housing did not obtain it or were substantially delayed in obtaining it.

It was also the experience of the Department that in many instances freedom-of-choice types of plans did not afford freedom of choice in fact. Applicants were often exercising this choice in communities in which segregated housing patterns have been traditional. In such situations, various factors — including fear of reprisal — operated to deprive applicants of actual freedom of access to, and full availability of, housing in all projects and locations. As a result so-called freedom-of-choice types of plans in many instances tended to perpetuate patterns of racial segregation and consequent separate treatment.

To promote greater efficiency and economy in the operation of low-rent public housing and to eliminate the discriminatory results of unrestricted freedom-of-choice, it was determined that the Department would require of all local authorities that applicants be assigned to appropriate places on community-wide lists, in sequence based upon date and time of receipt of the applications, suitable type or size of unit, and factors affecting preferences and priorities. In addition, local authorities would be restricted to making no more than three offers of housing to any one applicant except under certain hardship pleadings, such offers to be related to the projects or locations having the highest number of vacancies. The requirements were revised accordingly on July 28, 1967. They may be waived only if a local authority can show that, under its present plan, a high rate of occupancy and substantial desegregation has occurred and that such high occupancy and substantial desegregation is likely to continue.

b. Site Selection

In February 1967 a one-paragraph amendment to the Low-Rent Housing Manual provided that:

“Any proposal to locate housing only in areas of racial concentration will be *prima facie* unacceptable and will be returned to the local authority for further consideration and submission of either (1) alternative or additional sites in other areas so as to provide a more balanced distribution of the proposed housing or (2) a clear showing, factually substantiated, that no acceptable sites are available outside the areas of racial concentration.”

The purpose of this policy is to give members of minority groups an opportunity to locate outside of areas of concentration of their own minority group. It was the experience of the Department that most public housing projects have been built on sites that have reinforced segregated living patterns and contributed substantially to increased density of inner city areas. It was to change the disposition on the part of many local authorities to build public housing projects for Negroes in predominantly Negro neighborhoods without searching for sites elsewhere, regardless of the effect on the neighborhood otherwise, that the site selection policy was amended.

5. *Speedup in Processing of Applications.*

Within the past year actions have been taken which will reduce from 163 days to 78 days (a reduction of 52 percent) the time from receipt to approval of applications for low-rent public housing. Among the steps taken to accomplish this result are the establishment of the concurrent review of applications by different sections of the Regional Office, and a delegation of additional authority to the Regional Administrator to approve program reservation and preliminary loan contracts. Continuing audits will be conducted to ensure that the anticipated time savings will in fact be realized.

D. Miscellaneous

1. *Creation of the Urban Institute.*

President Johnson called for the establishment of an independent Institute to help solve the problems of our cities in his 1967 Message on America's Unfinished Business: Urban and Rural Poverty. The President asked the Secretary of Housing and Urban Development to assume responsibility for taking the initial steps in organizing the separate and distinct Institute. During the summer and fall of 1967, a group, headed by the Under Secretary of the Department and with representatives from other interested agencies, developed detailed plans for the Institute and reported to the President.

In December, President Johnson asked seven distinguished citizens to draft a charter for the Institute; incorporate it as a private, non-profit corporation; select a Board of Trustees; and recommend a President. The Urban Institute was incorporated as a nonprofit private body in Delaware on April 26, 1968, and has begun operations. A 15-man Board of Trustees was selected and Mr. Arjay Miller, Vice-Chairman of the Ford Motor Company, has been elected Chairman of the Board. The trustees selected William Gorham, former Assistant Secretary of the Department of Health, Education and Welfare, as President of the Institute.

The creation of an independent Institute has long been advocated and supported as the best possible way of carrying out objective analysis of Federal urban activities free from the pressures of day-to-day program responsibilities. Because of its long term and independent nature, the Institute will be able to take a comprehensive view of urban life and seek to understand the forces producing decay, growth

and other change. It will provide consistent study of difficulties common to all cities and their people.

Oriented toward problem solving, the Institute will draw on existing resources and create new knowledge. Through cooperative centers to be developed in a dozen or more cities, the Institute will be better able to gather data to permit informed decisions and to facilitate policy related conclusions. The Institute will also strengthen and expand academic and other institutional resources available for urban study and will furnish a framework for the disparate efforts currently underway.

The Department of Housing and Urban Development has executed a two-year contract with the Institute to carry out both broad and specific research pertinent to the Department's mission and programs. Other Federal departments and agencies will contract for work by the Institute with the first year level of Federal contracts estimated at about \$5 million. Individual cities and states are also expected to contract with the Institute for research services or studies; and private foundations are expected to offer financial assistance.

2. Federal Excess Land for Critical Urban Needs.

In order to help meet critical urban needs, the President, on August 30, 1967, announced the start of a national demonstration program designed to create well-balanced communities or neighborhoods on Federal surplus land in urban areas. The President named a special Task Force, composed of the heads of the General Services Administration, Department of Justice, Department of Housing and Urban Development, and the Department of Defense, to work together with local, city and state officials, private developers and nonprofit sponsors, in partnership arrangement to establish these new neighborhoods or communities. The Task Force completed its work on the preliminary phases of the program in about six months, and continuing responsibility has been centered in the Department of Housing and Urban Development with the cooperation of other departments and agencies.

Working within existing authority and established Federal programs, it is intended to demonstrate a joint public-private capability to create not simply more housing projects or residential subdivisions but an entire living environment. A cross-section of citizens of various income levels will thus be offered both housing and a full range of education, recreation, parks, shopping and other community facilities and services, without, however, duplicating those that already exist nearby.

Surplus Federal land can, under present law, be made available for education, health and highway purposes without cost, and land for parks and playgrounds at half price. Other land will be sold by the Federal Government to a public agency or private developer for housing, commercial and industrial use.

The actual planning and construction will be done primarily by private enterprise. The President has stated that "the creative involvement of private enterprise will be the single most important element

in the program." Opportunities will be afforded in the program for the participation of both large and small firms. It is expected that several sites will be developed by systems development firms with organizational and managerial capability to design and construct the entire developments.

Several new community sites in various urban areas of the country have already been identified, and planning on these is advancing rapidly. For example, planning efforts are already under way on sites in the District of Columbia, Atlanta, and San Antonio, with others expected to begin in the next several months. The size of these sites varies from 100 to 500 acres — large enough to permit the creation of a full range of community facilities and services. It is intended that these new urban communities or neighborhoods serve as models to the Nation of what can be done by the combination of government resources and the creative development capabilities of private enterprise.

index

NOTE: Page numbers in bold type indicate definitions of terms. Various Federal housing programs often are referred to by the section number of the law that created them as, for example, 221(d)(3); in this Index, these numbered programs are all listed under "Federal housing legislation."

- ABAG. *See* Association of Bay Area Governments
- ADC. *See* Aid to Dependent Children
- AFL-CIO. *See* American Federation of Labor-Congress of Industrial Organizations
- Abrams, Charles 425
- absentee landlord 39
- Accelerated Public Works Act 8
- Addington, Wendell G. 60, 64, 82-3, 88-9, 93
- adult education 363
- Advisory Commission on Intergovernmental Relations 18
- advocacy planning 14
- Afro-Americans 359-61
- Aid to Dependent Children 270
- air pollution 135, 173, 174, 175, 181, 184, 189-98, 209, 273, 315, 463, 466
- Air Quality Act 175
- air space, for housing 401
- Alaska 38
- Alexandria, Virginia 459, 467
- Alper, Noah 210-11
- Aluminum Ore Company of America 274
- American Association for the Advancement of Science 381
- American Can Company 430
- American Concrete Institute 149-50
- American Federation of Labor-Congress of Industrial Organizations 75, 142-3
- American Institute of Architects 215, 235
- American Institute of Planners 280, 281-2
- American Insurance Agency (National) Building Code 214, 221
- American Society of Mechanical Engineers 216
- American Society of Professional Engineers 215
- American Society of Testing and Materials 216
- American Zinc 272, 273
- Anatomy of the Federal Interest* 446
- Ann Arbor, Michigan 69, 93-4, 160
- anthropologists, illumination by on culture distinctions 439, 440, 443
- Anti-Defamation League of B'nai B'rith 423-4, 427
- anti-poverty program. *See* poverty program
- A. Philip Randolph Freedom Budget 322fn, 348, 349
- A. Philip Randolph Institute 322
- apprenticeship training programs, under U.S. Department of Labor 308. *See also* job training
- Archdiocese of Detroit, participation in cooperative housing 75
- architectural critic, value of 205
- Architectural Research Laboratory, University of Michigan 145, 170-1
- architectural review boards 205
- Architectural Technology Workshop, Harvard University 145
- Area Redevelopment Act 15
- areawide planning. *See* planning
- areawide problems, local government recognition of 453
- Arizona 259
- Arkansas 44
- assessment, 100%, in Florida 43
- assessment of rural property. *See* property tax
- Association of Bay Area Governments 461-2
- Atlanta, Georgia iv, 61, 265, 482
- Atlantic University 399
- Attwood, Charles W. 171
- Automation Commission 136

- BOCA. *See* Building Officials Conference of America
- Baker, David L. iv, 1, 119–23, 316, 342–4, 406–8, 438, 461
- Baltimore, Maryland iv, 387
- Baltimore Plan 333
- Bannockburn, Maryland 425
- below-market interest rate. *See* housing, financing; Sec. 221(d)(3), Federal housing legislation
- Bergen County, New Jersey 375
- Bicket, George C. 297, 299–300
- Birmingham, Alabama 323, 425
- bi-state problems 180–1
- Black, Hugo, Jr. iv, 316, 410, 438, 439, 442, 467
- black poor 282–3. *See also* Negro
- block-busting 469
- block grant 7, 448, 464
- Block v Hirsch* 424
- Board of County Supervisors of Fairfax county v Casper* 427
- Boca Raton, Florida 384, 385, 389
- Bolling, Rep. Richard 434, 435–43
- Boston, Massachusetts iv, 334
- Braddix, Mrs. Claryce 307, 309–10
- Brazer, Harvey 110–16, 117, 118, 119–20, 121–32
- Brooke, Sen. Edward 359, 370
- Brooklyn, Illinois 260
- Buchanan v Warley* 424
- building codes
- amendment procedure of BOCA 217
 - and architects 231–4
 - and new materials 237–9
 - and new technology 150
 - and research 199
- American Insurance Agency (National) Building Code 214, 221
- appeals board, for flexibility 231–3
- change cycle of BOCA 217, 218
- Code Review Committee of St. Louis County 218
- communication on 216
- “Comparison of Exit Requirements” 214–15
- Code Changes Committee of BOCA 217–18
- deviations 223–4
- effect on housing costs, supply 138, 213–41
- elimination of differences in model codes 215–16
- innovations testing and performance codes 222
- inadequacy of inspection forces 243
- inspector training by St. Louis University 221
- interpretation as cost factor 229–30, 231, 233
- National Building Code of Canada 214
- National Coordinating Council 216
- national standards for 206
- need for research 200
- performance codes 216, 234
- progress report by Joint Committee on Building Codes 214–16. *See also* Model Codes Standardization Council
- St. Louis performance code 177
- Southern Building Code 214
- standards acceptability by model code groups 216
- uniformity, problems in 220–1
- uniformity promoted by Washington Metropolitan Council of Governments 643
- See also* Building Officials Conference of America, Missouri Association of Building Officials and Inspectors 220–1
- building industry, incentives needed for ghetto housing investment 312
- Building Officials Conference of America 214, 216, 221, 227–8, 229, 232–4, 235, 239, 463
- building research, commitment missing 204
- Building Research Advisory Board 215
- building trades
- problems of training in 260
 - race barriers in 26
- Building Trades Council 358–9
- Bulletin of the Atomic Scientists* 382
- Burns, Rufus 304–6
- Bush, Elmo J. 257–62, 267, 270–1, 272, 274, 275, 277, 304
- COGs. *See* Councils of Governments
- CORE. *See* Congress of Racial Equality
- California 38, 41, 44, 101, 142, 159, 313, 438, 461–2
- Cambridge, Massachusetts 162
- capital budgeting, COGs in 468
- capital improvements programming 468
- carrot-and-stick 22
- Cavanagh, Mayor Jerome P. 2–29, 30, 39, 130
- cement-bag house 166–8
- central city
- industry in 182–4
 - land waste in 396
 - renewal in 433
- Cervantes, Mayor Alfonso J. 174–88, 274–5
- Charles Center, Baltimore 403
- Chicago, Illinois 99, 114, 198–9, 201, 202, 293, 205, 265, 298, 314, 315, 400
- Childerson, Ken 284–6
- Christian, John 382

- Chrysler, Walter 15
- Chrysler Corporation 143
- Cincinnati, Ohio 197
- Cities in a Race with Time* 330
- citizen involvement 288-9, 305, 361-2.
 - See also* community action, community development, community leadership, community participation
- citizens' nonprofit corporation 15
- city economics 130
- City of Richmond v Deans* 425
- city problems, as national problems 132
- civil rights 298
- Civil Rights Act of 1964 479
- Clark, Sen. Joseph 209-10, 349
- Clarkson, Mayor S. James 36-45, 47-50, 52-3
- Clawson, Marion 384, 389-95, 396, 399, 403-8, 410, 411, 413, 414, 419-21
- Cleveland, Ohio 83
- cluster system 395
- coalition 348
- Coan, Carl 323
- code administration, in small places 239-42
- code changes, specific costs of 227-8
- code enforcement 32, 378
- code uniformity, St. Louis County 219-20
- codes
 - fragmented control of 230
 - willful interpretation 239
 - See also* Model codes; National Electrical Code; National Plumbing Code; uniform fire code
- Cole, Junius 243-5
- Committee for Institutional Cooperation (CICO) 172
- Congress of Racial Equality 276, 282-4, 441
- Committee on Urban & Regional Design (CICURD) 172
- communication
 - relations with police 296
 - with government 47
 - within the Negro society 50-1
- communications, Detroit 5
- community action 244-5
- community budget, coordinating public, private resources 451
- community, definition of 349-52
- community development 289, 349-51, 444
- community facilities 396-8
- community leadership 361-2
- community participation 264, 349
- community partnership 137
- community police relations 288
- Community Rehabilitation under Security and Trust (CRUST) 361, 362
- community relations 277
- Community Renewal Program 294
- community service, Detroit 5
- community services, expansion of 477
- Community Service, Yellow Springs, Ohio 380, 381
- comparative growth rates 435
- comprehensive development plan, to determine priorities of federally aided programs 464
- Comprehensive Health Planning and Public Health Services Amendments of 1966 460
- concrete block, use in low-cost housing 163-4
- Congressional Advisory Committee on Public Welfare 335, 338. *See also* National Advisory Committee to Congress on Public Welfare
- Connecticut 433
- Connecticut Development Commission 433
- conservation programs 315
- Consolidated Edison 196
- consolidation, unpopularity of, in St. Louis 185
- consumer cooperative, defined 79
- consumer protection program 10
- cooperative housing
 - advantages of 62-72, 73-4
 - and labor unions 75-7, 177, 356
 - Blackstone project, Detroit 86-7
 - builder-sponsored, defined 79, 81
 - Colonial Square, Ann Arbor 69-72, 92
 - description of 56-67
 - elements needed for success of 87
 - FHA attitude on 89-91
 - for the poor 342, 358
 - formula 61-6
 - investor-sponsored 80
 - Lindenwood Gardens, New York City 58
 - problems of 91-3
 - proportion of total housing need 85-7, 88
 - Ranier-Hamilton, Detroit 72, 73-4, 83, 88
 - rehabilitation program possibilities 82-3
 - survey by Peoples Light and Coke Company 60
 - taxes on 81, 93-4
 - under 221(d)(3) 59-61, 63, 64
- Cooperative Housing Foundation 59. Same as Foundation for Cooperative Housing
- cooperatives
 - in Indiana 88
 - in Michigan 82
 - See also* Foundation for Cooperative Housing

- cooperative ownership
 - as eliminator of vacancy loss 62
- coordinated Federal programs 7
- coordinated local housing administration 336
- coordination
 - of capital improvements 468
 - of government programs needed 369
 - of local programs 448
- cost-benefit analysis, in systems approach to housing 146-7
- council-manager government 328
- Council of Governments
 - in Southeastern Michigan 21-23, 44-5, 52-3
 - in Washington metropolitan area 452-4
- Council on Economic Growth, Technology, and Public Policy (CICCEG) 172
- councils of governments 444, 450, 452, 454-6, 457, 459-62 466-7, 468
- counseling services, for problem families 35
- craft unions, organizations of 141
- creative planning 199, 201
- crowding, biologists' findings about 381
- Cuban 386, 387

- DEMETCO. *See* Detroit Metropolitan Industrial Development Corporation
- Dade, Malcolm 54
- Dade County, Florida 454
- Dallas, Texas 166-8
- Dallas County, Alabama 323
- Dallas-Fort Worth, Texas 468
- Daniels, Watha 361, 366-7
- Danish Research Institute 163
- Davidson County, Tennessee 460
- Davis, Lewis iv, 316, 347
- day-care service centers 8
- Dayton, Ohio 324
- decision-making in urbanization problems 392
- Deeson, Mrs. Verna 54-6
- defaulted rental properties 58
- DeGrove, John iv, 1, 21-24, 43-45, 82-4, 97-8, 128-9, 132, 316, 349, 413, 419, 421, 422, 439, 440, 459, 460-3, 469
- Demonstration Cities 299, 309, 449, 464.
 - See also* Model Cities
- Denmark 164
- density 10, 149, 153, 353, 384, 418, 480
- Denver, Colorado iv
- desegregated low-income housing 451
- desegregation 459. *See also* racial integration
- Detroit
 - Blackstone cooperative 86-7
 - Board of Education 143
 - Brewster-Douglas public housing project 46
 - building construction trade, participation in cooperative housing 75
 - Commission on Community Relations 25, 27, 29-30
 - Commission on Human Relations 25
 - cooperative housing in 58, 59-60, 72-4, 86-7
 - Council of Churches 75
 - Council of Governments 21-2, 468
 - deficit faced by 20
 - effect of riots in 21, 22-3
 - Elmwood development area 53
 - Elmwood Park 32-3
 - Elmwood Park No. 2 51-2, 56
 - Elmwood Park No. 3 33
 - employment projects 3
 - FHA in 90-1, 95
 - health programs 3
 - Housing Commission 32, 54
 - housing use and preference survey 146, 152-3
 - Kramer Homes 83
 - Lafayette Park 32, 56
 - land bank in urban renewal 411
 - local responsibility for services 13
 - loss of seats in reapportionment 12
 - Lower East Side 31-4
 - low-income housing in 9-10, 15-16
 - manpower developments 3
 - Mayor Cavanagh's report on 3-5
 - Mayor's Citizen Committee 39
 - Mayor's Development Team 5
 - Metropolitan Citizens Authority.
 - See* Metropolitan Detroit Citizens Development Authority.
 - Metropolitan Detroit Citizens Development Authority 34, 139-40, 144
 - metropolitan transit authority 21-22
 - Model Cities Program 15
 - municipal income tax in 113
 - Near East Side 152
 - need for public housing 34
 - Negro leadership in 50-1
 - neighborhood conservation in 14
 - New Detroit Committee 5, 20
 - non-federally assisted housing in 13
 - number of local governments in metropolitan area 21
 - open occupancy 5
 - personal property tax in 37, 42
 - Plymouth Housing Corporation 33
 - poverty program 3
 - public housing waiting list 32
 - prefabricated housing experiment 161-2, 164, 166
 - property tax exemption on improvements 39
 - race relations 4

- Ranier-Hamilton Cooperative 72, 73-4, 83, 88
- Ralph J. Bunche Community Council 31
- redevelopment 5
- relocation missing in urban renewal 31
- Research Park 14
- scattered site housing program 16
- School Board 27
- skilled training centers 3
- substandard housing in 148
- Twelfth Street area 32
- urban renewal, neighborhood action in 15
- urban renewal agency, criticism of 31-2, 55
- use of Area Redevelopment Act 15
- Virginia Park Redevelopment Corporation 14
- Water Board 23-4
- zoning practices in suburbs 28-9
- Detroit metropolitan area 3, 21, 44
- Detroit Metropolitan Industrial Development Corporation 15
- development
 - effects of innovation 413-4
- development standards 385, 393-5, 463.
 - See also* density; land use; planning; zoning
- DeWeese, Ernest 307
- differential taxation 119-21, 186
- dilapidated housing, total in cities 331
- discriminatory labor practices 286, 294
- discriminatory zoning 427-30
- dispersal of ghetto 311
- displaced persons, Federal sale of housing to 474-5
- Dixon, Senator 298
- Dodge Report on Detroit personal property taxation 37
- Douglas, Paul H. iv, 1, 11, 18, 24-8, 31, 36, 40, 45, 50, 53-5, 56, 58, 61, 69, 74, 77, 78, 89, 95, 98, 99, 110, 115, 116, 119, 132, 140, 143-5, 165-8, 173, 184-6, 195-7, 207, 237-9, 247, 254, 267, 274-6, 279-80, 282-4, 286, 289, 295, 297, 298, 300, 302, 307, 311, 312, 316-18, 330, 339-40, 341, 348, 368, 370, 373, 375, 379, 380, 383-4, 393, 398, 399-401, 403, 405, 422, 430, 434, 435, 437, 440-1, 443, 444, 456-9, 460, 468, 472
- Dow Chemical Company 157, 171
- Downs, Anthony iv
- Dunham, Katherine 267-8, 275
- East St. Louis
 - Central City Homes Association 268
 - Central City Organization 268, 287
 - classic urban problem 248
 - Community Renewal Program 287
 - crime in 249
 - Denverside Improvement Association 287
 - East End Recreation Committee of Precinct 17 and 18 304
 - education in 249
 - Economic Opportunity Commission 255, 265-6, 293-6
 - financing with judgment-funding bonds 249-50
 - fiscal crisis in 249
 - Freedom of Residence Committee 287
 - Godfrey-Shields public housing project 301
 - Goose Hill area 256
 - high building costs in 269
 - homeownership 273-4
 - Housing Authority 252, 263, 287
 - housing conditions in 297
 - housing deficiency in 251-3, 264, 268
 - housing needs of 287
 - incomes in 249
 - Jefferson Memorial Expansion 261
 - job outlook in 274
 - Metro-East Area 294
 - Neighborhood Improvement Association 297
 - North End 255-6
 - property tax in 250
 - public housing in 251, 253
 - Robinson public housing project 301
 - Rush City 253, 273-4, 297, 307
 - South End 255, 264, 287, 307
 - substandard housing in 249
 - task force for employment 288
 - task force for law enforcement 288
 - tax-sharing proposal 314
 - unemployment in 249
 - various problems of 247-67
 - vote on air pollution program 181
- Economic Development Administration 295, 338
- Economic Opportunity Commission 293-6
- Edison, Thomas 325
- education 108-9, 123, 134-5, 208, 276, 313, 364, 365, 408-10, 468
- Ehrenkrantz, Ezra iv, 316, 416-19, 462
- eminent domain, proposed for private developers 394, 403, 406, 411
- employment 133, 135-7, 177, 308-9, 311, 314, 362, 475
- Employment Act of 1946 136
- employer of last resort, public agencies as 8, 11-12
- Enger, Mrs. Jane Carey iv
- Epps, James L. 307, 310-12
- extended family 442
- Euclid v Ambler Realty Co.* 425

- FCH. *See* Foundation for Cooperative Housing
- FCH Services 64, 75
- FHA. *See* Federal Housing Administration
- FNMA, Fanny Mae. *See* Federal National Mortgage Association
- fair employment 265
- fair housing, importance of Federal legislation on 47. *See also* open occupancy
- fair price policy, on property acquisition 476
- Fantus 344
- Fauntroy, Rev. Walter 318-23, 331, 338, 342-3, 345-9, 350-1, 352, 353-4, 359, 367, 368, 371
- Federal aid, preferably direct to cities 179-80
- Federal Aid Highway Act 457
- Federal assistance programs, inadequate funding of 281
- Federal block grants, for urban programs 280-2
- Federal Government 8, 18, 48, 58, 76, 97, 113-15, 122-4, 136-7, 139, 176, 179-80, 181, 189, 192, 195, 197, 201, 207, 209, 211, 246, 250, 255, 257, 258, 261-2, 265-6, 269, 278-81, 286, 291-3, 295, 299-300, 314, 319, 343, 344, 346, 348, 354, 357, 392, 407, 430, 431, 432, 445, 447-8, 460, 463-4, 467, 481
- Federal Housing Administration 25-6, 30, 34, 48, 58-61, 62, 65, 72, 79, 81, 84, 87, 89-91, 93-8, 147-8, 161, 167, 208, 226, 255, 265, 268-9, 276, 289, 292, 312, 319, 331, 334, 336, 340, 365, 366, 370, 421, 473-4
- Federal housing legislation
- Sec. 23 (U.S. Housing Act of 1937 as amended 1965) **253**, 377, 477
- Sec. 115 (Housing Act of 1949 as amended 1965) **208**
- Sec. 202 (Housing Act of 1959) 377
- Sec. 203 (National Housing Act of 1934) 293
- Sec. 203(1) (National Housing Act of 1934 as amended 1966) 473
- Sec. 203(b) (National Housing Act of 1934) **65**, 473
- Sec. 204 (Demonstration Cities and Metropolitan Development Act of 1966) 449-50, 462
- Sec. 205 (Demonstration Cities and Metropolitan Development Act of 1966) 449, 450
- Sec. 207 (National Housing Act of 1934) 293
- Sec. 213 (National Housing Act of 1934 as amended 1950). **58-9**, 61, 62, 63, 79, 80, 84
- Sec. 220 (National Housing Act of 1934 as amended 1965) **34**, 293
- Sec. 221(d)(3) (National Housing Act of 1934, as amended 1961) **10**, 17, 33, 34, 59-64, 68, 79, 80, 82, 83, 86, 87, 90, 93, 94, 122, 128, 177, 178, 252, 264, 331, 336, 340, 345, 349, 354, 356, 365, 369, 370, 387, 421, 422
- Sec. 221(h) (National Housing Act of 1934, as amended 1966) 252, 268, **365**
- Sec. 231 (National Housing Act) 293
- Sec. 312 (Housing Act of 1964, as amended 1965) **208**
- Sec. 701(g) (Housing and Urban Development Act of 1965) 449, 454, 462
- Federal grants 457-8, 463
- Federal income-sharing 314. *See also* Heller-Pechman tax-sharing plan
- "Federal interests" 445-6
- Federal National Mortgage Association 68, 79, 331, 349, 378
- Federal surplus land, in urban areas 481
- Federal task force on urban problems, need for 292
- Federal tax sharing. *See* Federal income-sharing; Heller-Pechman tax-sharing plan
- Federation of Tax Administrators 99
- Feinberg, Alex iv, 316, 401-6, 430, 432-4, 467-8
- Fields, Mayor Alvin 286-9, 301
- Finch, Mrs. Jacqueline 245
- Finland 355
- fiscal inequity, of city and suburbs 111
- Fischer, John 222, 226-7, 229-34, 236, 239, 241, 243
- flexible dwellings, for changing needs 148-9
- Flint, Michigan 130
- Florida 43
- folding paper house 159-60, 162-3
- Forbidden Neighbors* 425
- Ford, Henry (III) 15, 136
- Ford Foundation 22, 390
- Ford Motor Company 142, 348
- foreclosed housing, for public housing 26
- Formosa 186
- Fort Worth-Dallas-Arlington, Texas iv
- Foundation for Cooperative Housing 63, 64-5, 66-7, 75, 78, 79-80, 85
- Frain, George 422, 430-2

Georgetown 351, 368
 General Motors 141, 143
 General Services Administration 432
 ghetto, ghettos 1, 6, 8, 16-17, 31, 46-7, 53, 108, 129, 137, 139, 140, 212, 311, 312, 315, 318, 39, 320, 321-3, 349, 357, 358, 363, 369, 387, 388, 436, 437
 Glenmore, Miss Dolores 357, 359-61
 Gorham, William 480
 Granite City, Illinois 275-6
 Granite City Steel 304
 grants-in-aid 456
 Great Britain 390
 "Great Lakes Community" 171
 Greenbelt projects, disposition of 58
 Greenwich, Connecticut, discriminatory zoning in 427-30
 Greenwich Planning and Zoning Commission 428, 429, 430
 Grueninger, Raymond X. 214-22, 227, 230-6, 238-40, 243
 guaranteed minimum income 314, 338, 358
 Gulf Oil 414

 Habitat 204, 206
 Hall, Dr. Edward T. 436
 Hall, Rep. Kenneth 306-7
 Hanson, Royce 444-52, 453-4, 456-9, 460-4, 465, 466, 468
Harmon v Tyler 425
 Hawaii 38, 124
 hazard insurance 473
 Heller-Pechman tax-sharing plan 113-14
 Hercules Powder Company 159, 171
 high-density land use, in central city 128
 highways, effect on urbanization 171
 "Hinterland and Metropolitan Populations and America's Future" 380
 historic preservation 375
 Hoagland, Hudson 382
 Holabird, John, Jr. 198-207
 Holiday Inn 302-3, 305
 Hollander, Edward S. 469-71
 "home care" program 398
 home rule 445
 homebuilding 299
 homemaking services, need for, 34, 35, 333
 homeowner 29, 39, 333
 homeownership 9, 48, 59, 146, 161, 228, 253, 299, 322, 331, 341
 Hong Kong 388
 Horatio Alger myth 363
 Hoskins, Col. Charles 288
House and Home 40
 housing
 aerospace, chemical industries potential 156

as aspiration 408-9
 as metropolitan issue 446
 cement-bag house 166-8
 community participation in 265
 concrete block, use of 163-4
 cooperatives. *See* cooperative housing
 Detroit 5
 discrimination in 29
 division of monetary investment 147
 effect of building codes on costs 138
 effectiveness of nonprofit sponsorship 369
 feasibility of tax abatement 331
 filament-wound structure 157, 160, 165, 167
 financing
 below-market interest mortgage funds 17, 269, 340, 421
 bond-of-deed 258
 foam plastic possibilities 157
 for low-income families 446
 for Negroes, in East St. Louis 311
 high cost of equity capital 422
 importance of management 369
 industrialization of 149
 integration in 19, 311
 in the inner city 316, 317
 in urban renewal 309
 job training for building 346
 limited-distribution investment 62
 location as a top priority 146
 long-term costs of 147
 low-cost 9, 138, 146, 161, 163, 171, 255-7, 265, 291, 293, 341, 356, 369, 387, 388, 414, 416, 421. *See also* low-income housing
 low-income, low-rent 9-10, 15-16, 19, 27, 35, 48-9, 57-8, 121, 129, 146-7, 152, 207-8, 289, 312, 389, 412, 451, 459, 477. *See also* public housing
 lower- and moderate-income range 321, 339
 medium-income 415
 middle-income 25, 312, 331, 370
 moderate-income 57, 317, 370
 multi-phase financing for 148
 multifamily project processing, acceleration of 473-4
 need, for elderly 273
 new technology 138-9, 166-8
 nonprofit sponsors 15, 331
 obsolescence 147-8
 package-financing plan 161
 performance standards 151
 prefabricated 206
 problem for central cities 128
 rehabilitation of 57, 67-9, 178, 184, 208, 246, 296, 311, 334, 365, 373, 375
 relation to jobs and income 176-7
 retirement 177

- revolving fund for, in Detroit 15
- second-hand industry in 148
- segregation 423. *See also* discriminatory zoning
- skilled training centers for 3
- systems approach to 146-53
- tax depreciation allowances to encourage private enterprise 331
- Teamsters Union participation, St. Louis 177
- technical assistance to nonprofit sponsors 356
- technology 145-69, 171
- technological innovations to reduce cost 339
- union sponsorship of 141-2
- whole house as key to systems analysis 151-3
- See also* cooperative housing, public housing, relocation housing
- Housing Act of 1949 317, 335, 432, 475
- Housing Act of 1954 334, 344
- Housing and Urban Development Act of 1965 iii, 449
- Housing and Urban Development Act of 1968 472, 475
- Housing Assistance Administration 253, 377, 378, 477
- housing codes
 - and demolition costs 180
 - enforcement of 332-4, 375, 376, 378
 - pride of ownership as standards factor 236-7
 - revision in New York 344
- St. Louis Minimum Housing Standards Ordinance 176
- See also* Baltimore Plan; code enforcement
- housing counseling program 474
- Housing Development Corporation 451
- housing discrimination, in suburbs 24.
 - See also* discriminatory zoning
- housing programs, limitations and problems 331-2
- Houston, Texas iv, 265
- Howard, John 361, 364-6
- Hudson, Joseph L., Jr. 5
- Human Development Corporation of Metropolitan St. Louis 207
- human relations 327, 353
- Hunt, Portia 296, 297
- Hurd v Hodge* 426
- ICBO. *See* International Conference of Building Officials
- Idaho 132
- Illinois 13, 101, 181, 184, 190, 194, 196, 205, 272, 298, 299, 310, 313, 315
- IMPACT 257, 267, 278, 301, 309-10
- incentive grants, for local government cooperation on metropolitan basis 449
- incentives to industry for ghetto investment 320, 369
- income, of very poor 332
- income supplement 348
- incompatible land uses, across township lines 28
- Indiana 88
- Indianhead Corporation 274
- industrial tax shelters 272
- industry
 - input in low-cost housing 146
 - responsibility for revenue for municipal services 271-2
 - responsibility of, on city problems 277
- inner city, census needed of 10, 16
- integrated housing, built for Ford workers in California 142
- integrated neighborhoods 471. *See also* block-busting
- integration in housing. *See* housing
- interest subsidies, advantages of 83, 84
- Intergovernmental Cooperation Act 476
- intergovernmental financial assistance 452
- intergovernmental relations 445. *See also* Advisory Commission on Intergovernmental Relations
- International Association of Bridge, Structural and Ornamental Iron Workers 174
- International Conference of Building Officials 221
- International Structures Corporation 159
- Irish 437
- Jacksonville, Florida 460
- Jefferson County, Missouri 214
- job development, in human services 320
- job opportunities, need to improve communication about 314
- job training
 - at point of origin 338, 344
 - for rehabilitation of housing 311, 336
 - in building crafts 307-9, 319
 - on-the-job training 367
 - within ghetto area 345, 362
- jobs
 - interrelationship with housing, education, transportation 365, 366, 409-10
- Johnson, Jeh iv, 279, 316, 345-6, 348, 413-14, 415-16, 441, 443, 463
- Johnson, President Lyndon B. iii, 281-2, 339

Johnson, Ralph 233
 Joint Economic Committee 375, 435, 436, 440
 Jones, Taylor 276-7, 280, 284
 Jones, Wade 69-72, 91-4
Journal of Mammology 382
 Kahn, Alfred 276, 280-2
 Kaiser, Edgar 139
 Kansas City, Missouri 435, 436, 441
 Kearns, Robert 30-1
 Keast, William R. 98-9
 Keenan, Joe 144
 Kennedy, President John F. 435
 Kennedy, Sen. Robert F. 293, 421, 422
 Kentucky 313
 Kinney, Jack 358
 Klein, Arthur E. 290-5
 Knowles, Jim 436
 Knox, Robert D. 54, 55fn
 Krooth, David L. 56-69, 78-82, 83-7, 89-91, 92, 94, 95, 96-8
 labor unions
 and housing costs 30
 apprenticeship availabilities 345
 apprenticeship training 294, 357-9
 attitude on technological advances 140-1
 high labor costs 27
 investment of pension funds 143-4
 jurisdictions in 438
 Negro membership in 358-9
 participation in cooperatives 75-7, 356
 productivity of 30-1
 racial discrimination 142-3, 263, 286, 294
 trade practices of 30-1
 See also housing, Teamsters' Union
 Lake Anne Community Hall, Reston 397, 402
 land, public acquisition of 410-13
 land acquisition, for community control 398
 land assessments, as control on leapfrogging 385
 land bank 406
 land speculation 393
 land sprawl 408
 land use
 acreage for cities 391
 and expanding cities 383
 better information needed on 391-2
 large-tract assembly 394
 misused 367
 policies of today and future options 417-18
 rural-urban conversion 390-2
 social objective 49
 land-use controls
 political climate for 419

land-use definitions, proposed 392
Land Use Information 391
 land-use planning
 British system 420
 ineffectiveness of local efforts 393
 land value taxation 36, 37-40, 115-16, 126, 130. *See also* site value taxation
 large-lot zoning 425, 426-7, 429
 large-family housing gap 211-12
 Larson, Ted (C. Theodore) 145, 153, 159, 169-72
 law enforcement 295-6, 456
 Lawson, Judge Marjorie 361, 368-71
 Lead Life Insurance Company 75
 leapfrogging 385
 leased housing. *See* public housing
 Life Safety Code of National Fire Protection Association 214
 Lincoln Park, Chicago 200
 Lindsay, Mayor John 97
 local and state taxation, expansion of 104-5
 local government
 budget constraints, relation to land banking 118
 consolidation 185-6
 coordination 21
 de-annexation 271-2
 deficit 12
 potentials for dealing with urban problems 143-4
 state aid to 101-2
 trends in tax revenue
 local housing authorities, cooperation with code enforcement agencies 378
 local real estate taxes, as favoring land speculation 393
 Los Angeles, California iv, 406, 408, 418, 425, 461
 Los Angeles County, California 406, 407
 low-cost housing. *See* housing
 low- and moderate-income families 475
 low-income families 46, 83, 152, 161, 208, 365, 366, 388-9, 474
 low-rent housing. *See* housing
 Lowe, Miss Jeanne 317, 329-42, 343, 344, 348, 349, 351, 356
 lower-income families 57, 84
 Lucas, Alfred 293-6, 306
 Lustron house 300
 Lyons, John iv, 77, 173-4, 178-9, 186-8, 191-3, 198, 202, 207, 209-13, 222-3, 226, 229, 239-43, 245, 247, 254, 257, 262, 268, 274-6, 280, 282-4, 286, 290, 293, 296, 300, 302, 304, 306-7, 310, 313, 316, 352-5, 401
 Lyons, Sen. William 306
 Lynn, Mrs. Dorothy 361, 367-8, 371

- MICCO. *See* Model Inner City Community Organization
- Macaulay, Thomas Babington 323, 347
- Mack, Andrew 361, 371-2
- Madison County, Illinois 311, 315
- Manpower Development and Training Program 260, 294, 308
- man-years, waste of 136
- Marks, Richard V. 29
- Marshall Plan, for U.S. urban crisis 182
- Martin, Clarence 53-5
- Maryland 104, 115, 127, 451, 453, 455, 457, 459, 463, 468
- mass media, failure of 131
- mass transit 375
- Massachusetts 132
- Massen, Mrs. Marion iv
- Maxwell, Mrs. Kathryn 72, 73-4, 87-8, 91
- Mayer, Alfred H. 223-5, 231-34, 236-7, 239-43
- Mayfield, Rufus 432
- McGloin, Eddie 95
- Meany, George 357, 438
- median income, Miami 387
- medium-density 428
- medium-income rental level 421
- Mendelson, Robert 247-54, 271-2, 276
- metro government 454
- metropolis, alternatives to 325-9
- Metropolitan Affairs Program, Southern Illinois University 247, 280
- metropolitan area, 27, 53, 128, 144, 338, 339, 354, 444, 451, 456, 459, 460, 462, 466
- Metropolitan Dade County 469
- Metropolitan Development Bank 448
- metropolitan development policy 452
- metropolitan dominance 329
- Metropolitan Fund 22
- metropolitan government 21-3, 45, 52, 433, 462. *See also* Detroit metropolitan transit authority
- metropolitan housing study 466
- Metropolitan Washington Council of Governments, 449-50, 452, 461, 463, 465
- Mexican-Americans 441
- Miami, Florida iv, 386-8, 400, 402-3, 406, 414, 418, 421-2, 434
- Miami Lakes, Florida 402-3
- Michigan 3, 28, 37-38, 41, 42, 112, 115, 124, 129, 130, 132, 140, 142
- Michigan Civil Rights Commission 29
- Michigan Credit Union League 75
- Michigan Housing Associates 74, 75-7
- middle-income families, group 58, 59, 340, 397
- migration 338, 344, 367, 382, 383
- migration services, at point of origin 338
- Milan, Italy 165
- Miller, Arjay 480
- Milner, Dr. Esther 381
- Milwaukee, Wisconsin 140, 458-9
- minimum maintenance incomes 342.
See also guaranteed minimum income
- Minnesota 104, 460
- minority groups 480
- Mississippi 148
- Missouri 122, 181, 186, 190, 211, 244, 312
- Missouri Association of Building Officials and Inspectors 220-1
- Mitchell, Neal 146-53, 160-2, 163-8
- mixed land uses 28
- Model Cities Program 15, 180, 254, 276, 281, 287, 299, 336, 358, 464
- model codes 236-7, 463
- Model Codes Standardization Council 215
- Model Inner City Community Organization 319, 321, 342, 343, 347, 361, 366, 368, 369, 371
- moderate-income families 81
- Moley, Raymond 38
- Monsanto Chemical 196, 253, 275, 277, 304-5
- Monsanto, Illinois 272
- Montgomery County, Maryland 459
- Montreal 418
- Morgan, Dr. Arthur 317, 323-9, 349-50, 351, 352, 353, 355
- Morgan, Griscom 325, 380
- mortgage
availability for Negroes in suburbs 25, 30
costs 365
foreclosures, turned to public housing. *See* defaulted rental properties
insurance in inner city 161, 473
mortgage lending, curb to good design 386
- Moses, Robert 400
- Moss, Hunter 384-9, 391, 392, 393, 394, 398, 399, 400-2, 403, 406, 409, 410, 411, 412, 413, 414, 415-18, 421-2, 432, 434
- Moynihan, Daniel 376
- municipal income tax 20, 130
- municipal land investment, for speculation 117-18
- municipal taxes, limitations on 20
- Myers, Mrs. Mattie 31-6, 45-7, 48, 50-2, 53, 56
- NAACP. *See* National Association for the Advancement of Colored People
- NHC. *See* National Housing Conference

- National Advisory Committee to Congress on Public Welfare 341
- National Association for the Advancement of Colored People 257, 307-9, 311, 432
- National Association of Counties 453
- National Association of Homebuilders 233
- National Association of Social Workers 298
- National Capital Housing Authority 447
- National Capital Planning Commission 447, 458
- National Coalition of Conscience 136
- National Commission on Urban Problems iii, 1, 131, 209, 212, 292, 309, 311, 317, 328, 329, 341, 365, 372, 375, 376, 379, 392, 432, 438, 452, 473
- National Committee against Discrimination in Housing 423
- National Electrical Code 218, 220, 224, 238-9
- National Housing Conference 57, 78, 84, 85
- national housing goal 57
- National Institute of Public Affairs 2
- National Labor Relations Board 439
- National Land and Investment Co. v Easttown Township Board of Appeals* 426
- National League of Cities 38, 44, 453
- National Plumbing Code 223
- National Stockyards 272
- "The Nation's Consultation on the Future Environment of a Democracy" 281
- nature program, in a housing community 398
- Navage, Ray 296
- Negro, Negroes 3, 8, 9, 19, 23, 24-5, 26, 29-30, 40, 44, 46-7, 50, 52, 73, 121, 137, 139, 142-3, 209, 212, 254, 256-260, 262-5, 266, 269, 272, 279, 282, 283-5, 291, 298, 301, 311-12, 313, 318, 319, 321, 323, 333, 335, 337, 340, 346, 349, 354, 358, 359, 362, 364, 366, 367, 386, 387, 388, 416, 423, 424, 425, 426, 427, 430, 431, 436, 437, 438, 440, 441, 457-9, 470-71, 480
- Negro males, census needed of 10
- neighborhood action, in urban renewal planning 15. *See also* community action; community participation; citizen involvement
- Neighborhood Advisory Council 364
- neighborhood conservation 199
- neighborhood redevelopment, housing programs a part of 253
- neighborhood rehabilitation 176, 178, 336
- neighborhood renewal 34, 430
- New Career Program 361, 371, 372
- new construction techniques, experimentation in 170
- New Haven, Connecticut iv, 3-4, 334, 356
- New Jersey 122, 403, 405
- New Mexico 101
- new town development 354, 402-3, 414, 436, 450-1
- New York City iv, 81, 84, 114, 125, 126, 192, 196, 332, 335, 336, 341, 344, 351, 375, 401, 402, 408, 416, 433, 441, 443
- New York (State) 13, 38, 100, 101, 122, 124, 331, 340
- New York Times* 331
- nonprofit housing development corporation 138
- nonprofit housing, need for professional staff 252
- non-property taxes 100-1
- Northeast Greenwich Association 428
- Norwalk, Connecticut 428
- Norway 355
- OEO. *See* Office of Economic Opportunity
- OIC. *See* Opportunities Industrialization Center
- Oakland County, Michigan 52
- Obear-Nester Company 274, 275
- Office of Economic Opportunity 209, 292, 349, 446
- Office of National Capital Affairs, recommended establishment of 447
- Ohio 328
- Oklahoma 132
- one-man, one-vote movement 444, 461
- O'Neill, Richard iv, 18-21, 40-3, 93-4, 124-7, 173, 178-9, 191-2, 203, 204, 222, 223, 226, 229-31, 233, 238-9, 241, 247, 269-70, 297, 300, 316, 347-8, 349, 408, 409, 410, 416, 437, 438, 439
- open housing 188, 298, 307, 313, 378, 437, 441-2. *See also* open occupancy
- open occupancy 5, 140, 298, 358, 458-9
- open space 433, 467
- Open Space Land Program, Federal 281
- Opportunities Industrialization Center 345-6, 359
- Orange County, California 127
- Owens, David 307-9
- PACE. *See* Progress and Action through Citizens' Efforts
- PHA. *See* Public Housing Administration
- Paraskevopoulos, Stephen 145, 153-60, 162-3, 168, 169fn, 171
- Parks, Oliver 302-4
- Parks Airlines 302

- Parks Airport 302
- Parks Training for Aviation 302
- part-time mayors, disadvantages of 44-5
- Patman, Rep. Wright 59
- Peace Corps 260
- Pennsylvania 13, 38, 100, 112, 426
- Peoples Gas Light and Coke Company of Chicago, survey of cooperatives 60
- Percy, Sen. Charles 78, 293
- Percy-Widnall Housing Bill 379-80
- Perloff, Harvey 450
- Perry, Ivory 211-12, 213
- personal property tax 37, 43
- Philadelphia iv, 183, 265, 341, 351, 400
- pilot plan communities. *See* Yellow Springs
- Pittsburgh, Pennsylvania iv, 118, 186, 333, 341
- Planned Industrial Expansion 183
- planned price policy, for city services 105-9
- planning
 - areawide 180
 - citizen involvement in 342-3, 347
 - creative 199, 201
 - city-suburban coordination in 186
 - democratic process and the time lag 199
 - metropolitan 185, 187
 - See also* regional planning
- police
 - and community relations 262, 277-8
 - brutality 310
 - problems 307
 - protection, of Negroes in suburbs 29
 - work, quality of 313
- Political and Economic Planning (PEP) 390
- political regionalism 450
- politics, realities of 129-31
- poor 46, 318, 320, 330 331, 332, 333, 335, 336, 337, 338, 341, 363-6, 373, 428
- poor people, potential for study commissions 371-2
- population growth 344
- Port Chester, New York 428
- poverty program 3, 7, 11, 208, 212, 294, 295, 343
- power structure 269
- preassembled door case 439
- prefabricated housing 206
- prefabricated plumbing 223, 228
- prefabricated wiring 228
- President's Commission on Urban Housing 139
- Prince George's County, Maryland 459
- Princeton University 388
- priority problems of cities 134-40
- private enterprise, involvement of in
 - new communities 481-2
- private investment, in central city 6
- problem families 35
- Progress and Action through Citizens' Efforts 290-3, 295, 303
- property tax
 - ability-to-pay or benefit? 117
 - adequacy of 52
 - administration of 42-3, 124-7
 - amendment of, to improve revenue base 111-12
 - as cross-section tax 36-7
 - assessment of rural property 40
 - effect of relief 103-4
 - exemption in Michigan 83
 - local reliance on 100-1
 - 100 percent assessment, in Florida 43
 - rise in 102-3
 - structure, need for simplification 210-11. *See also* land value taxation
- Proposition 14 in California 423
- public housing
 - as community 46
 - closed to lowest-income families 365
 - church involvement in 146
 - conflict over sites for 333
 - cost cutting in construction 414
 - criticism of 416, 417
 - emphasis on social services in 35
 - foreclosures turned to 26
 - good design needed in 34
 - in East St. Louis 251, 253
 - in Miami, Florida 414
 - in Puerto Rico 442
 - in St. Louis 178, 288
 - in Washington, D.C. 358, 361
 - income for admission 332
 - intent of, in 1930's 332
 - leasing program 81, 83, 378, 474, 477
 - management-tenant relationships 477
 - need for, in Detroit 34
 - new approaches under Federal actions 477-9
 - new directions indicated iv
 - on vacant urban land 400
 - opposition to 17
 - percent of welfare families in New York City 332
 - place of 387-9
 - portion on renewal land 128
 - racial policy 479
 - rent certificate 375, 377, 378. *See also* leasing program above
 - rent supplement as alternative to traditional 340
 - rentals in St. Louis 179
 - scattered-site 16-17, 26, 208, 477
 - shortfall in building 87
 - site selection policies 479
 - speedup in processing of applications for building 480
 - tenant complaints 441
 - tenant selection policies 479

- tenants in 1930's 332, 337
- total units 331
- turnkey 64-5, 477
- unit costs in excess of \$20,000 478
- waiting list
 - in Detroit 32
 - in New York City 332
- welfare recipients in 335
- Public Housing Administration 16
- public land acquisition advantages of 396. *See also* public land bank
- public land bank 411-12
- public welfare 335
- Puerto Rican 436, 440, 441, 442-3
- quality living 181
- quasi-public instruments, to deal with urban problems 144-5
- Rabkin, Sol 423-30
- race relations 328
- racial integration 300-2, 469-71. *See also* race relations
- racial restrictive covenants 425-6
- racial segregation 425, 479
- racial unrest 1
- racism 280
- Radiker, Oliver 303
- Randolph, Homer G. 276, 282-4, 285
- Ranney, David 249
- Rasberry, William 431
- Ravitch, Richard iv, 15-18, 45-50, 55, 78-82, 94, 96, 316, 340, 342, 344, 350, 351, 352, 442-3
- Rayburn, Sam 435
- recreational facilities 362
- redevelopment agency, aid to housing sponsors 356
- "redlining" iv, 30
- red tape 308, 309, 312
- regional council, for air pollution control 195
- regional organization of individual governments 452
- regional planning
 - land use 457
 - in St. Louis area 187
 - in Washington, D.C. area 466-7
- regional transportation planning, related to regional land-use planning 457
- rehabilitated housing. *See* housing
- rehabilitation loans, boon to lower-income families 335
- relocation housing
 - in St. Louis 178
 - importance of 367-8
 - missing in renewal 31-3
 - need for social services in process of 35
- relocation service 335-6, 338
- Renewal Assistance Administration 475
- rent certificate housing. *See* public housing
- rent subsidy 48, 208, 212-13, 333, 340
- rent supplements 17-18, 48, 61, 81, 83, 90, 184, 264, 268-9, 315, 334, 340, 358, 377-8, 389, 410, 421
- rentals of 221(d)(3) housing, in St. Louis 178-9
- reparation to ghetto dwellers 6
- research and development, potential from military 154-5
- Rosensteil Foundation 428, 430
- residential density 225
- Resources for the Future 390, 392, 450
- Reston, Virginia 397-8, 402, 413-14
- restrictive covenants 30
- retirement housing 177
- Reuther, Walter 15, 132-45, 154, 168-9
- revenue-sharing plan 289
- Ribicoff, Senator Abraham 6, 97
- Ribicoff Committee 135, 137, 139
- "rich poor" 332
- Richter, Kirt 381
- riots 4-5, 8, 15, 20-1, 22, 47-8, 97, 136-7, 318, 348, 372
- rising land values, tax on 399
- Roberts, Harry H. 245
- Rockefeller, David 136, 144
- Romex 229, 238-9
- Ross, D. Reid 246
- Romney, Governor George 112
- Rothenberg, Leon 99, 100-5, 111, 112, 118-19, 120, 123, 126, 127, 132
- Roxbury, Massachusetts 161
- Royal Oak Township, Michigan 40
- Rumania 355
- Runge, Carl 172
- rural poverty 337
- Russia 164
- Rustin, Bayard 47
- Rybeck, Walter iv
- St. Charles County, Missouri 214
- St. Clair County, Missouri 295-6, 311
- St. Clair County Board of Supervisors 272
- St. Joseph County, Michigan 425
- St. Louis 174, 188, 233, 244, 247, 274, 299, 300, 302, 305, 314, 471
 - adoption of BOCA building code 221
 - air pollution control 193-6
 - cheaper money for industries 183
 - code changes and costs 227-8
 - Community Renewal Program 294
 - Denverside Improvement Association 262, 264-6
 - East-West Gateway Coordinating Committee 180-1, 186-7, 195
 - Gateway District 245-6
 - Housing Authority 178, 208

- Human Development Corporation 244
- Jeff-Vander-Lou 244
- Laclede Town 177
- leased housing 253
- low-rent housing in 341-2
- metropolitan area 214, 251
- Midwest Citizens Council 245-6
- Mill Creek 246
- Mill Creek Valley housing development 177, 178
- Neighborhood Action Committee 244, 245
- Neighborhood Improvement Association of St. Louis 299-300
- neighborhood rehabilitation 176, 178, 188
- Neighborhood Service Center program 244
- Orr-Weathers public housing project 301
- Planned Industrial Expansion 183
- Pruitt-Igoe public housing project 288
- public housing rentals 179
- Public Revenue Education Council 210
- Regional Industrial Development Corporation 246
- rehabilitation 188
- relocation in 178
- rent subsidy program 208, 212-13
- retirement housing in 177
- St. Louis University 185
- Sauget 272
- smoke problems in 192-8
- tax incentives to business 183-4
- 221(d)(3) rentals in 178-9
- Union-Sarah Gateway Center 211
- Washington University 185, 188, 193
- Yateman District 244
- St. Louis County, Missouri, codes in 218-20, 223-4, 226-8, 230-1, 236-243
- Salwak, Stanley 172
- San Antonio, Texas 482
- Sanders, Carl E. iv
- San Francisco, California iv, 418, 461-2
- San Jose, California 142
- scatteration 225. *See also* leapfrogging
- scattered-site public housing 16-17, 26, 208, 477
- Scheiber, Walter 449, 452-6, 459-63, 465-8
- Scholle, August 74, 75-8, 83
- school financing 101
- school for unwed mothers 296
- schools, overcrowded in Washington, D.C. 364
- Science* 381
- Scientific American* 381
- Secretary of Housing and Urban Development iii, iv, 472-82
- seed money 139
- segregation 15, 263, 265, 378, 429. *See also* discrimination
- Selma, Alabama 323
- Selye, Hans 382
- senior citizens organization, Yellow Springs model 328
- service regionalism 450
- Shelley v Kramer* 426
- Shuman, Howard E. iv, 55-6, 77, 212, 241, 430, 439
- sidewalks, standards for 224
- Simon, Robert 384, 395-8, 399, 400-402, 404, 406, 408-10, 411, 412-14, 415, 432, 439, 450
- Simon, Sen. Paul 296, 298, 312-15
- single-purpose cultural centers 402
- site value taxation 118. *See also* land value taxation
- Slack, Edward 276, 278-80
- slum clearance 434
- slum housing 334
- slum land, taxing of 38
- slum landlords 334, 377
- slum property, price of 44
- slums 31, 129, 245, 335, 336, 337, 338, 364, 388
- slurb developments 433
- Small Business Administration 292
- Smart, Walter 212
- Smith, Mrs. Chloethiel Woodard iv, 173, 191-3, 204-6, 231-4, 247, 273-4, 316-17, 323, 329, 339, 349, 352, 357, 359, 361, 364, 366, 367, 368, 370, 372, 383-4, 389, 395, 398, 401, 406, 410, 416, 422, 430-2, 434, 438, 452, 461, 463, 466, 468-9, 471
- Smith, Oliver 287, 300, 311
- Smithsonian Institution 431
- social legislation 298
- social planning 450-1
- social programming 468
- social services 35
- solid waste management 466
- Southern Building Code 221
- Southern California 241
- South Florida 385
- Southern Illinois University 260, 296, 298
- Southfield, Michigan 37, 38, 39-40, 41-3, 45, 52
- Soviet Union 435
- special-purpose district 454
- spot zoning. *See* zoning
- Stamford, Connecticut 428
- Standard Land Use Coding Manual* 392
- Standard Metropolitan Statistical Area, bad measure of land use for urban purposes 391

- Starr, Roger 356
 state aid, and city problems 12-13
 State Housing Authority, in Michigan 13, 22
 state role in municipal fiscal affairs 112-13
 state involvement, reason for lack of 313
 state legislatures 129
 Stockdale, James 276
 "Strategy for a Livable Environment" 193
 structural permanence, overemphasis on 169
 sub-core city 44
 subdivisions, land waste in 395
 sub-market interest loans 331
 subsidy 289, 336, 348
 substandard housing 148, 207-8, 365, 366
 suburban development
 across boundaries 406-8
 as land user 384-5
 districts 395, 406
 suburban share in urban crisis 22-3
 suburbs
 and cost of local government services 394
 antipathy to central city 12
 discriminatory zoning in 19
 subsidized flight to 209-10
 suburbia 12
 suitable urban environment 173, 175
 Sunnyvale, California 142
 Supervisors Inter-County Committee, in Michigan 23
 Sweden 355
 Symington, Sen. Stuart 174

 Taft, Sen. Robert 436
 Takoma Park, Maryland 471
 Task Force, for new communities 481
 tax abatement 121-4, 333, 377.
 See also total tax abatement 348
 tax adjustment 132
 tax assessment
 base 135, 291
 of agricultural land 127
 of cooperative housing 93-4
 of fringe land 127
 on 221(d)(3) housing 287.
 See also underevaluation of land
 tax incentives 8, 182-3
 tax penalties 334
 taxation, for potential utilization 403-5
 tax revenues and tax resources 98-115
 Taylor, Ralph 150
 Teacher's Aid Program 320
 technical assistance, for private redevelopment 51-2

 Teer, Fred 247, 262-7, 269, 276
 tenant participation 477
 tenants' rights 477
 Tennessee 132
 Texas 141
 Thompson, Warren 380, 381
 Thompson, Wilbur 98, 105-9, 116-18, 120-1, 122, 125, 126-7, 131
 TIME Magazine 290-1
 time-zoning 159, 170
 Toronto, Canada 52
 total commitment on urban problems, essentiality of 133
 total community involvement 287-8, 296
 total living environment 137
 total land writedown 348
 total tax abatement 348
 transportation problem 135, 275, 366
 transportation, subsidized public 314
 trash collection, in low-income sector 152
 Tri-Faith Employment Program 314
 Tucker, Raymond 188-98, 200-1
 Turner, J. C. 345, 346, 357-9
 turnkey housing. *See* public housing
 two Americas 359-60

 underclass urban society 3
 underemployment 291, 294
 underevaluation of land 37
 unemployment 291, 294, 363, 364
 uniform fire code 223, 230
 Union Electric Company 303
 Unistrut spaceframe system 171
 UAW (United Automobile Workers) 141-2, 143
 United States 4, 38, 61, 151, 155, 165, 182, 184, 187-8, 192, 258, 304-5, 327, 359, 364, 374, 391, 409, 414, 420, 436, 438, 453, 464
 U.S. Agency for International Development 171
 USASI (USA Standards Institute) 216
 U.S. Bureau of Public Roads 454
 U.S. Commission on Civil Rights 424
 U.S. Conference of Mayors 38, 44, 453
 U.S. Corps of Engineers 315, 325
 U.S. Department of Commerce 171, 344
 U.S. Department of Health, Education and Welfare 18, 197, 292, 454, 461
 U.S. Department of Housing and Urban Development 16, 17, 18, 60, 95, 122, 132, 172, 180, 203, 237, 253, 276, 287, 292, 312, 321, 340, 370, 371, 376-8, 433, 446, 452, 454, 467, 473, 476-8, 481
 U.S. Department of the Interior 433
 U.S. Department of Labor 18, 292, 308, 341, 344, 348

U.S. Department of Transportation 446,
458, 461

U.S. Gypsum Research 151-2

U.S. Housing Act of 1937 477

university, involvement of in urban
problems 314

university, role in community 266

University of California 163

University of Chicago 267

"upgrading" by zoning 426

upward-mobile families 340

urban affairs subcommittee, of Joint

Economic Committee 375

urban agent 337, 357

Urban Coalition 136, 144

urban crisis, state's role in meeting
312-15

urban development 18-19, 339, 344

urban development corporation 9, 18-19

urban development fund 9, 18-19

urban economy 337

urban government finance. *See* tax reve-
nues and tax resources

Urban Institute 480

Urban Land Institute 388

urban node 172

urban poverty 337

urban problems 324, 330, 374, 379, 440

urban programs, interrelation of 18

Urban Public Works Act 8

urban renewal

change in image needed 368

criticism of 31-6, 212, 263, 337, 431-2

distortion of 128

effect of delay on property owners 54

effect on housing market 9, 14

function of reattracting middle-class
whites to city 25-6

housing location in 48, 54

importance of citizen involvement
362

national goals and priorities 475

new definition needed for highest and
best use 432-3

people participation in 318-19

social purposes of 129

supplemental payments to displaced
homeowners 476

usefulness of land bank 411-12

utilization of other programs 18

urban research 8

urban school situation 313

urban sprawl 339

urbanization 169, 171, 339, 380-3

user charges 106-8, 132. *See also* user
fees

user fees 129

Utah 101

VA. *See* Veterans Administration
vacant land, in cities 16, 153, 399-400,
403

Vandergriff, Tom J. iv, 1, 11-13, 15,
50-3, 89, 90, 91, 92, 93, 129-132, 141,
168-9, 173, 179-80, 184, 192-5, 206-7,
234-7, 247, 271-2, 283, 468

Vatterott, Charlie 302, 304

Vatterott, Joe 302-3

vest-pocket parks 400

Veterans Administration 26, 311-2

Virginia 426, 451, 453, 455, 457, 466,
468

Virginia Commission on Metropolitan
Areas 466

vocational education 314

vocational rehabilitation plan 465-6

vocational school 294, 306

Voss, Mrs. Anne 207-9

Walker, Clarence 247

Walker, Rev. Lawrence 268-9

walkway system 397

war on poverty. *See* poverty program

Waring, Philip 297-8

Washington, Mrs. Evie 361-4

Washington metropolitan area 445-52,
454

Washington, D.C. 343, 445, 447, 452, 455,
457, 458, 461, 466, 467, 482

Adams-Morgan area 430

Bethel Baptist Church 322

Center for Metropolitan Studies 444,
446

Central Labor Council 345, 358, 359

Council of Governments as regional
planning agency 453, 466-7

18th and Columbia Road Business
Men's Association 430

Fine Arts Commission 205

Housing Authority (National Capital
Housing Authority) 332, 447

ghetto needs 357-9

Meridian Hill Park 431

metropolitan government approach
for 444-50

Metropolitan Area Transit Authority
450, 454-5, 457

National Capital Planning Commis-
sion 447, 458

Neighborhood Advisory Council 364

Neighbors, Inc. 469-71

New Career Program 371

Redevelopment Land Agency 350
362, 447

Shaw area 317, 318-19, 321, 322, 345,
350-2, 354, 361, 363, 367, 368, 371

Shaw Junior High P-TA 361, 368

Southwest Area 335-6, 368

Urban League 361

WASPS 436, 440
 water pollution 135, 315, 465
 Waterbury, Connecticut 142
 Watts, Los Angeles 136, 265, 354
 Wayne State University 98, 105
 Weaver, Robert C. 472, 476
 welfare program 364
 white suburban noose 427
 Widnall, Cong. William B. 373-80
 Woodbury, Coleman iv, 1, 84, 87, 88-9,
 99, 105, 109, 110, 115, 118-19, 120, 129,
 132, 145, 160, 168-9, 316, 355, 356, 410,
 412-13, 432, 445, 463-6
 workable program 331, 343-5, 376
 Wyoming 132

 Yeargin, *Miss* Earline 212-13
 Yellow Springs, Ohio 326-8, 355
 Yellowstone Park, subsidy of 109
 Young Women's Christian Association
 47
 Younge, *Mrs.* Wyvetter 247, 255-7, 270
 Ypsilanti, Michigan 69

 Zinsmeister, *Miss* Jane iv
 zoning
 administration deficient in suburbs
 28
 amateur zoners and planners 241-2
 and councils of governments 467-8
 and lack of authority 199, 201
 and real estate taxes 394
 as discriminatory device 423
 as impediment to home building 429
 Bi-State Agency, St. Louis 186
 buffer zone 425

coordinated regulations in 186-7
 criticism of 393
 discrimination in suburbs 354, 429
 early controls in U.S. 424
 economic discrimination in 428-30
 fiscal 19
 flood plain 28
 for development control 412
 for mixed use, to reduce land waste
 396, 401-3
 for open space in Hawaii 433
 impact of new highways 28
 impact on suburban housing patterns
 354
 in St. Louis 187
 large-lot, to hold back development
 412
 non-urban zones to halt growth 225-
 6, 236
 only one tool of land-use control 419
 overemphasis as method of control-
 ling urban development 451
 ordinances in St. Louis County 224
 political influence of 413
 possibility of state direction 434
 practices in suburbs 24, 28-9
 pressures in 28
 residential 28
 spot 28, 385
 static concept of 452
 turnback from commercial to resi-
 dential 401
 validation of 433
 variance for economic benefit 429
 See also "upgrading" by zoning



